Beef Production and Whole Farm Revenue Protection Crop Insurance

Farmers in New York generally are very good at knowing which are their most profitable crops and coming up with risk management strategies to protect those revenues. For many, crop insurance is a part of this prudent approach. Whole Farm Revenue Protection (WFRP) is a relatively new crop insurance policy that is based on the average of 5 years of a farmer's Schedule F tax form revenues. It can be used in conjunction with single crop insurance plans, such as corn silage, where they are available.

Authorized by the 2014 Farm Bill and modified after input from the farm community, WFRP gives farmers whose total annual farm revenue from approved commodities is under $8.5 million a new tool for their risk management strategy toolbox. WFRP is intended to cover all crops and livestock produced on an eligible farm in a given tax year rather than just protecting one specific crop, such as corn or soybeans, like traditional revenue and yield crop insurance policies do. This new product replaces the Adjusted Gross Revenue (AGR) and Adjusted Gross Revenue-Lite policies.

A hypothetical example follows that can help explain the program's potential as a risk management strategy.

Best Beef Farm is a cow/calf operation that also finishes the cows. Tom Best, who comes from an old farming family, went out on his own and started this operation about 5 years ago. He qualifies as a beginning farmer for crop insurance purposes, which gives him some advantages under WFRP.

Best's farm consists of 210 acres of which 75 acres produce corn for silage, 75 acres produce hay and 60 acres are used as pasture. He has a herd of 100 brood cows with 150 heifers and steers. They sell about 70 animals a year. Historically, the 75 acres of corn for silage average 18 tons per acre. In 2016, Best expects to sell 500 tons and store 850 tons for the herd. The 75 acres of hay reliably yield 2.0 tons per acre. He expects to sell 130 tons and feed 20 tons to the herd this year.

Expected revenue is as follows:

70 finished beef steer	@ $1,500.00 per	$105,000
500 tons of corn silage	@ $55.00/ton	$27,500
130 tons of hay	@ $160.00/ton	$20,800
Total		$153,300

Best, as a Beginning Farmer, may obtain coverage under WFRP with a minimum of 3 years of tax history since he also farmed the year before the insured year (lag year). The 5 year average revenue required will be constructed using the 3 years of history, the lag year and the lowest revenue from those 4 years as the fifth year of history.

The 5 year revenue history as reported in his Schedule F filings is as follows:

Lowest	$141,500	2012	$141,500
2013	$143,000	2014	$146,000
2015	$151,000	(Lag Year)	
5 Year Average $144,600			

His crop insurance agent explains that WFRP will take into account that Best Beef Farm is a growing operation. Using an indexing procedure, it looks to see if the allowable income from either of the last two years is higher than the five (5) year average allowable income. Since in this case that condition is met, it increases the historic income based on how much the farm has grown over the five historic years, or by $8,500.

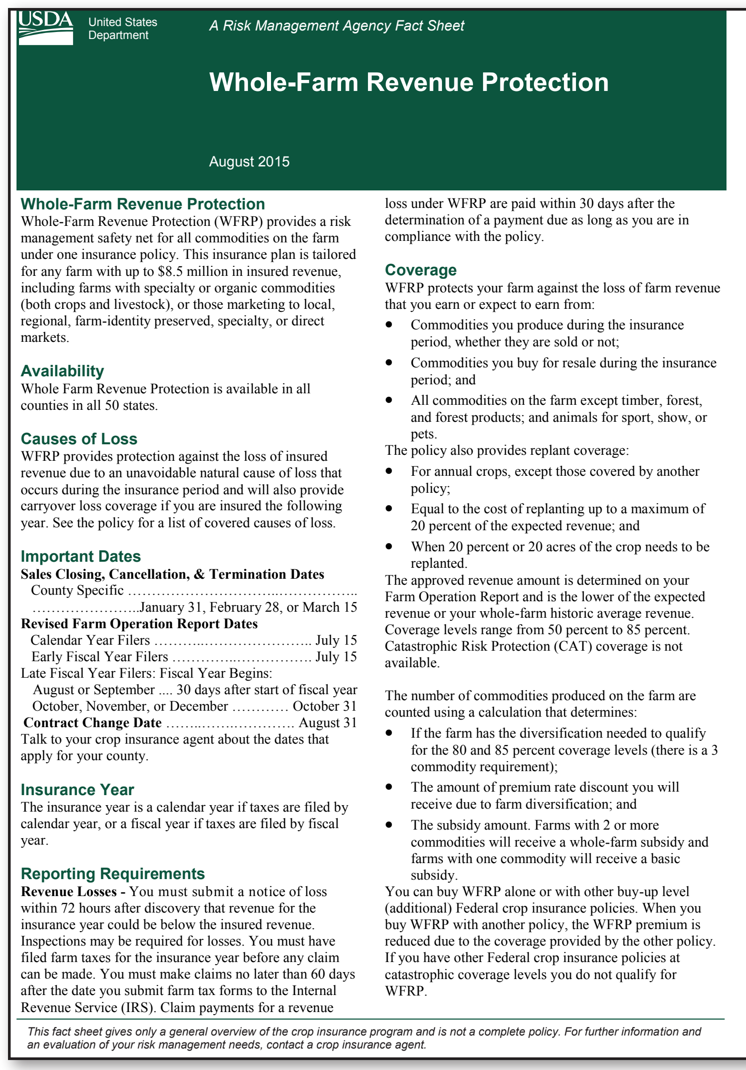
The agent now checks to ascertain the number of qualifying crops Best grows. Since the purpose of WFRP is to provide revenue protection to diversified farmers, the number of commodities produced on a farm become an important factor in the level of coverage available and the amount of the premium subsidy for which he qualifies. A formula determines the minimum proportion of revenue a commodity must contribute to the farm to be considered a qualified commodity for WFRP. In this case, each of the commodities sold by Best must contribute more than the equation's result to the overall revenue to qualify. (1/3 = 0.333 X 0.333 = 0.111 X $153,300 expected revenue = $17,016.30) So, he has 3 qualifying commodities under WFRP: finished cows, corn silage and hay.

Due to indexing and the 3 qualifying crops, his agent explains to Best that he qualifies for insuring up to 75% of his expected $153,300 allowable revenue at the 80% subsidy rate. The producer also qualifies as a beginning farmer and is entitled to an additional 10% premium subsidy. The agent gives him the following table showing the amount of revenue he is eligible to insure and the subsidized premium for which he qualifies.

Coverage Level	Liability Amount	Beginning Producer Premium
85%	$130,305	$7,454
80%	$122,640	$3,770
75%	$114,975	$2,047
70%	$107,310	$1,610
65%	$99,645	$1,236
60%	$91,980	$975
55%	$84,315	$759
50%	$76,650	$598

Crop insurance opportunities are dependent on individual farm specifics. In this case, Best has 3 crops that he sells but would not qualify for the higher WFRP premium subsidies if he only sold his finished steers for revenue. He can insure his corn silage in most agricultural counties in New York. He could do so with or without also using WFRP. He could enroll his mixed hay production using the Non-insured Crop Disaster Assistance Program (NAP), a disaster program managed by the USDA Farm Service Agency. Producers may also change their crop insurance coverage on an annual basis.

For more information about crop insurance, contact a crop insurance agent, the NYS Department of Agriculture and Markets at 800-554-5400 or ***www.agriculture.ny.gov/AP/CropInsurance.html*** or the USDA Risk Management Agency at ***www.rma.usda.gov***. To locate an agent, ask a neighbor for a recommendation or use the agent locator tool at ***www.rma.usda.gov/tools/agent.html***.



USDA United States Department

A Risk Management Agency Fact Sheet

Whole-Farm Revenue Protection

August 2015

Whole-Farm Revenue Protection
Whole-Farm Revenue Protection (WFRP) provides a risk management safety net for all commodities on the farm under one insurance policy. This insurance plan is tailored for any farm with up to $8.5 million in insured revenue, including farms with specialty or organic commodities (both crops and livestock), or those marketing to local, regional, farm-identity preserved, specialty, or direct markets.

Availability
Whole Farm Revenue Protection is available in all counties in all 50 states.

Causes of Loss
WFRP provides protection against the loss of insured revenue due to an unavoidable natural cause of loss that occurs during the insurance period and will also provide carryover loss coverage if you are insured the following year. See the policy for a list of covered causes of loss.

Important Dates
Sales Closing, Cancellation, & Termination Dates
County Specific ……………………………………………………January 31, February 28, or March 15
Revised Farm Operation Report Dates
Calendar Year Filers ………………………………. July 15
Early Fiscal Year Filers ……………………………. July 15
Late Fiscal Year Filers: Fiscal Year Begins:
August or September .... 30 days after start of fiscal year
October, November, or December ………… October 31
Contract Change Date ……………………………. August 31
Talk to your crop insurance agent about the dates that apply for your county.

Insurance Year
The insurance year is a calendar year if taxes are filed by calendar year, or a fiscal year if taxes are filed by fiscal year.

Reporting Requirements
Revenue Losses - You must submit a notice of loss within 72 hours after discovery that revenue for the insurance year could be below the insured revenue. Inspections may be required for losses. You must have filed farm taxes for the insurance year before any claim can be made. You must make claims no later than 60 days after the date you submit farm tax forms to the Internal Revenue Service (IRS). Claim payments for a revenue loss under WFRP are paid within 30 days after the determination of a payment due as long as you are in compliance with the policy.

Coverage
WFRP protects your farm against the loss of farm revenue that you earn or expect to earn from:

- Commodities you produce during the insurance period, whether they are sold or not;
- Commodities you buy for resale during the insurance period; and
- All commodities on the farm except timber, forest, and forest products; and animals for sport, show, or pets.

The policy also provides replant coverage:

- For annual crops, except those covered by another policy;
- Equal to the cost of replanting up to a maximum of 20 percent of the expected revenue; and
- When 20 percent or 20 acres of the crop needs to be replanted.

The approved revenue amount is determined on your Farm Operation Report and is the lower of the expected revenue or your whole-farm historic average revenue. Coverage levels range from 50 percent to 85 percent. Catastrophic Risk Protection (CAT) coverage is not available.

The number of commodities produced on the farm are counted using a calculation that determines:

- If the farm has the diversification needed to qualify for the 80 and 85 percent coverage levels (there is a 3 commodity requirement);
- The amount of premium rate discount you will receive due to farm diversification; and
- The subsidy amount. Farms with 2 or more commodities will receive a whole-farm subsidy and farms with one commodity will receive a basic subsidy.

You can buy WFRP alone or with other buy-up level (additional) Federal crop insurance policies. When you buy WFRP with another policy, the WFRP premium is reduced due to the coverage provided by the other policy. If you have other Federal crop insurance policies at catastrophic coverage levels you do not qualify for WFRP.

This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.