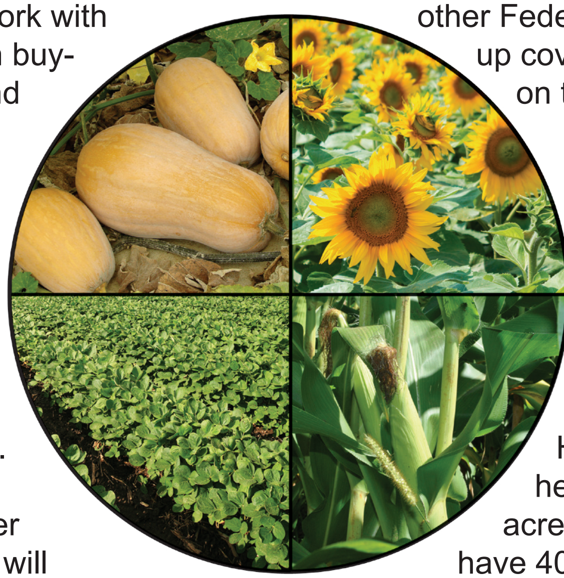
Combining Corn and Soybean Crop Insurance with Whole Farm Revenue Protection

A new program offering revenue protection for operations producing a number of commodities is now available throughout New York State. Whole Farm Revenue Protection (WFRP) was authorized in the 2014 Farm Bill and modified for the 2016 insurance year after consultation with farmers and the agricultural community. All farm revenue is insured together under one policy. Individual commodity losses are not considered; it is the total qualifying farm revenue compared to average reported Schedule F revenues that determines losses. WFRP can work with other Federal crop insurance policies covering individual commodities, when buy-up coverage levels are purchased. Premium subsidies for WFRP depend on the diversification of commodities that qualify under the program.



This hypothetical example of an operation that could benefit from WFRP explains in general how the program works.

Ben Harris operates the 200-acre Sunny Acres Farm in Seneca County. It has been in his family for three generations and, over the 20 years he has been in charge, the operation has expanded from growing primarily corn to now include soybeans, sunflowers and butternut squash. He sells his crops to local farmers and has no retail sales. In 2016, he plans to plant 100 acres in corn that will yield 125 bushels (bu) per acre. His 50 acres of soybeans should yield 45 bushels per acre. Harris will have 40 acres of sunflowers that reliably yield 1,450 pounds (lbs) per acre, and he now plants five acres of butternut squash yielding 190 hundredweight (cwt) per acre.

Harris expects his revenue to be as follows:

Commodity	**Acres Planted**	**Yield**	**Expected Price**	**Total Revenue**
Corn	100 acres	125 bu/acre	$4.00/bu	$50,000
Soybeans	50 acres	45 bu/acre	$9.00/bu	$20,250
Sunflowers	40 acres	1,450 lbs/acre	$0.22/lb	$12,760
Butternut Squash	5 acres	190 cwt/acre	$50.00/cwt	$47,500
Total				**$130,510**

Having for years had crop insurance for his corn and soybeans, Harris contacts his agent for more information on WFRP. Told he'll need proof of actual total revenues for 2010-2014, Harris consults the Schedule F forms he had filed with the IRS.

The farm's five years of revenue vary from $118,000 to $132,000. The five year average annual revenue is $125,000.00. WFRP indexing on this amount makes him eligible to insure his total expected revenue of $130,510.00.

According to his agent, commodity diversification matters with WFRP. It determines the level of coverage and the size of the premium available. Each commodity whose revenue is counted in the allowed revenue must provide a calculated percentage of the expected farm revenue. The agent divides one by four, the number of crops, then multiplies this by a factor of 0.333 times the expected total revenue (0.25 X 0.333 X $130,510 = $10,864.96). Harris has four qualifying commodities - corn, soybeans, sunflowers and butternut squash - since expected revenue from each is greater than $10,864.96.

Due to indexing and at least 3 qualifying crops, Harris qualifies for insuring up to 85% of his expected $130,510.00 revenue and also qualifies for the 80% subsidy available for buy-up coverage from 50% up to the 75% lev el.

Harris and his agent then discuss the pros and cons of also taking out multi-peril insurance (MP) on his corn and soybeans. If he does, the agent explains, this will reduce his WFRP premium even further. Should he receive an indemnity for a loss on one of these two crops, the amount will be added to farm revenue for WFRP. This prevents the same loss being indemnified twice and makes sense to Harris.

He decides to take multi-peril yield coverage on the corn and soybeans at the 70% level as he has done in the past. According to the rate chart, his total premium will be $906.00 for the two crops.

	70% Liability Coverage	**Premium**
Corn (100 acres)	$33,775	$652
Soybeans (50 ac)	$13,939	$254
Total	$47,714	$906

The subject of discussion now turned to the additional costs for WFRP coverage should he decide to go that route. According to his agent, his premium would be reduced because he had MP. When they looked at the following rate chart, he was still surprised to see the difference between liability and subsidized producer premium with and without including multi-peril coverage for the corn and soybean acreage.

Coverage Level	Liability Amount	Premium with MP Coverage	Premium without MP Coverage
85%	$110,934	$2,365	$4,149
80%	$104,408	$1,266	$2,331
75%	$97,883	$702	$1,370
70%	$91,357	$548	$1,096
65%	$84,832	$450	$899
60%	$78,306	$368	$736
55%	$71,781	$301	$603
50%	$65,255	$241	$483

Even though he was eligible for coverage at the 85% level because he had at least three qualifying subsidies, Harris decided that the best deal for him would be at the 75% level, subsidized at 80%, bringing his premium to $702.00. (Eighty percent coverage is subsidized at the rate of 71%.) If a freak hail storm in July destroyed his butternut squash, and the same storm destroyed half his soybeans, he would be better off with WFRP protecting his total revenue. The combined premium for MP for two crops and WFRP was $906 + 702 = $1,608. Harris felt this was a reasonable price to pay for peace of mind during the 2016 growing season.

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 ***http://rma.usda.gov***. To locate an agent, ask a neighbor for a recommendation or use the agent locator tool at ***http://www.rma.usda.gov/tools/agent.html***.