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2016 Whole-Farm Revenue Protection Pilot Plan (WFRP)

USDA

This institution is an equal opportunity provider.

This presentation highlights features of the Risk Management Agency Programs and is not intended to be comprehensive.

The information presented neither modifies or replaces terms and conditions of the WFRP policy and the county actuarial documents.

Consult a crop insurance agent for further details.

What Is Whole-Farm Revenue (WFRP)Protection?

WFRP - is a combination Adjusted Gross Revenue (AGR) and Adjusted Gross Revenue-Lite (AGR-Lite) policies, along with various modifications for improvement stemming from a contracted review and feedback from producer listening sessions

WFRP pilot plan of insurance provides producers with an improved whole-farm risk management product under one policy. WFRP coverage is available up to $8.5 million for all commodities produced on the farm. Diversified, specialty and organic commodities (crops and livestock) can all be covered

WFRP is intended to replace coverage previously provided by the AGR and AGR-Lite plans of insurance, and is available nationwide as of 2016

WFRP Basics

A whole-farm insurance product that provides producers with risk management protection for all commodities on the farm under one insurance policy

Provides protection against loss of revenue that a producer expects to earn or will obtain from commodities produced or purchased for resale, including animals and animal products, during the insurance period

Commodity – Any agricultural product established or produced on your farm operation, except timber, forest, and forest products, animals for sport, show or pets

WFRP Basics

Insures against loss of approved revenue due to unavoidable natural causes that occur during the insurance period

Insurance Period, the tax year insured by WFRP:

- A calendar year if taxes are filed on a calendar year basis, or
- A fiscal year if taxes are filed on a fiscal year basis

Insurance Year is designated by the calendar year in which the sales closing date for the insurance period occurs

WFRP Basics

Insured revenue is based on: Coverage level multiplied by the lower of:

1.) A completed Whole-Farm History Report (using five consecutive tax years information, beginning immediately before the lag year, and adjusted according to the Policy) **OR**

2.) The insured revenue from the production of commodities during the current insurance period as reported on the Farm Operation Report

Losses occur when:

The Allowable Revenue, (farm revenue the IRS requires to be reported on the farm tax records) from the production of commodities produced during the insurance period, falls below the Insured Revenue

Produced - 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

Qualifying Person Criteria

- Be a U.S. citizen or resident;
- Be eligible to receive federal benefits;
- File a Schedule F tax form or Substitute Schedule F covering 100 percent of the farm operation;
- The entity must have tax returns for each year (5 consecutive years) of the revenue and expense history and farm operation as the insured person for the insurance year (check policy for exceptions);
- If you inherit, purchase or lease another person's farm operation, you may use the other person's tax returns if certain requirements are met; and
- Be engaged in the business of farming and derive revenue from the production of commodities

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Tax Records and Eligibility

To be eligible for WFRP, the insured must have 5 years of tax records filed with IRS during the whole-farm history period under the same tax ID

Exceptions to the 5 year tax record requirement:

- Changing tax ID or entity without altering the farm operation (e.g., spouses filing taxes as a partnership instead of an individual, forming a corporation, etc.)
- When purchasing a farm operation (at least 90%) and the tax records of that operation are available
- Entities that do not file taxes with IRS but are still eligible for federal benefits (e.g., tribal entities)
- Beginning Farmers and Ranchers with as few as three years of tax records
- Producers who were physically unable to farm for one year

Qualifying Person Criteria- Farm Ineligibility

The Farm is Ineligible for WFRP if:

- Insured revenue is greater than $8.5 million
- Expected revenue from animals / animal products is greater than $1 million of total expected revenue; or
- Expected revenue from nursery / greenhouse is greater than $1 million of total expected revenue
- The entity raises potatoes and does not qualify as having two commodities (commodity count calculation)*

** This limit is a legislated requirement under section 508(a)(3)(C) of the Act*

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Qualifying Person Criteria- Farm Ineligibility

The Farm is Ineligible for WFRP if:

- The entity has only one commodity and revenue protection is available for that commodity (ARH or Revenue Protection Insurance Plans)
- The entity purchases CAT coverage for another policy offered under the authority of the Act for any commodity on the farm operation unless allowed by the Special Provisions
- The entity derives more than 50 percent of allowable revenue from commodities purchased for resale

Documentation needed by Sales Closing Date

Along with the Application the producer will provide:

- IRS Tax Form 1040 Schedule F (or applicable) or
- Other farm tax forms and WFRP Substitute Schedule F
- The Intended Farm Operation Report for the insurance period (what/how much will be produced)

Forms and Worksheets:

- Allowable Expenses Worksheet
- Allowable Revenue Worksheet
- Whole Farm History Report
- Farm Operation Report (Intended section)
- Beginning Inventory Report (if applicable)
- Accounts Receivable and Payable Report (if applicable)
- Market Animal and Nursery Inventory/Accounting Worksheet (if applicable)

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Tax Form Schedule F (Form 1040)

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.
▶ See Instructions for Schedule F (Form 1040).

OMB No. 1545-0074
2009
Attachment Sequence No. 14

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.
▶ See Instructions for Schedule F (Form 1040).

OMB No. 1545-0074
2010
Attachment Sequence No. 14

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.
▶ See Instructions for Schedule F (Form 1040).

OMB No. 1545-0074
2011
Attachment Sequence No. 14

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/form1040*.

OMB No. 1545-0074
2012
Attachment Sequence No. 14

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

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Allowable Revenue and Expense Worksheets

Use the farm tax forms for the year of insurance to calculate allowable revenue and allowable expenses for the insurance year on the Allowable Revenue Worksheet and the Allowable Expense Worksheet

WFRP only covers revenue from commodities produced within the tax year

Produced - 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.

WFRP – Allowable Revenue

Allowable Revenue (5 year history):

- 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 for WFRP purposes is limited to specific revenue items and can be found in the policy under section 10
- Certain revenue items are excluded, these can also be found in the policy under section 10

Allowable Revenue Worksheet

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		3. State/County: Xxx/xxxx	
	4. Tax Year: 2015			
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 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	$0	0	$0
b. Sales of livestock, produce, grains, and other products you raised	2	$4,668,100	0	$4,668,100
c. Cooperative distributions	3b	$20,843	$20,843(C)	$0
d. Agricultural program payments	4b	$0	$0	$0
e. Commodity Credit Corporation (CCC) loans				

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WFRP - Allowable Expenses

Allowable Expenses (5 year history):

- Farm specific expenses that are allowed by this policy including applicable adjustments and reported to the IRS for the production of commodities
- Allowable expenses for WFRP purposes is limited to specific expense items and can be found in the policy under section 11
- Allowable expenses specifically exclude any expenses associated with post-production operations, or commodities in which there is not an insurable interest

Remember, after recording expenses and indexing, they really don't play a role in the policy unless the insured has a loss

Allowable Expense Worksheet

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: Xxx/xxxx 4. Tax Year: 2015		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		0	
Chemicals	11	$256,689	0	$256,689
Conservation expenses	12		0	
Custom hire	13	$274,322	0	$274322
Depreciation and section 179 expense	14			0
Employee benefit programs other than on line 23	15	0	0	0
Feed	16		0	0
Fertilizers and lime	17	$516,365	0	$516,365
Freight and trucking	18	$472,885	0	$472,885
Gasoline, fuel, and oil	19	$290,497	0	$290,497
Insurance (other than health)	20	$208,385	0	$208,385
Interest: Mortgage and Other	21	$214,500	$214,500 (A)	0
Labor hired	22	$583,784	0	$583,784

WFRP-Whole-Farm History Report

Report showing 5 historic years of:

- Allowable revenue
  Use Allowable Revenue Worksheet for each year
- Allowable expenses
  Use Allowable Expense Worksheet for each year

The following calculations are made for both Revenue and Expenses:

Average, Indexed, and Expanded Operation

The higher of the Average, Indexed or Expanded Operation calculation becomes the Whole-Farm Historic Average and is carried over to the Farm Operation Report

Whole-Farm History Report

Whole-Farm History Report

1. Producer Information:	2. Agency Information: Agent Code: XX
I.M. Insured Person Type: Individual	I.M. Agent Policy: xxxx
Anytown, USA, 11111	Anytown, USA 11111
Phone: 999.999.9999 SSN: xxx.xx.xxxx	Phone: 111.111.1111

3. Insurance Year: 2015	4. IRS Accounting Method:	5. State/County: XXX/XXX

6. Tax Year	7. Allowable Revenue	8. Allowable Expenses
2009	$6,245,000	$4,371,500
2010	$6,325,000	$4,225,000
2011	$6,450,200	$4,360,000
2012	$6,990,000	$4,893,000
2013	$6,695,000	$4,686,500
9. Total	$32,705,200	$22,536,000
10. Simple Average	$6,541,040	$4,507,200
11. Indexed	$7,051,242 ($6,541,040 x 1.078)	$4,876,790 ($4,507,200 x 1.082)
12. Expanded Operation (10 Percent)	$7,195,144 ($6,541,040 x 1.10)	$4,957,920 ($4,507,200 x 1.10)
13. Whole-Farm Historic Average (higher of item 10, 11 or 12)	$7,195,144	$4,957,920

WFRP – Whole-Farm History-Indexing Qualifications

If the allowable revenue in either of the two most recent tax years in the producer's whole-farm history period is greater than their average allowable revenue for the whole-farm history period, they may use the following indexing calculation to account for growth in the farm operation:

1. Divide each tax year's allowable revenue by the preceding tax year's allowable revenue. (Round to three decimal places, cap at 1.200, and cup at .800). These are the four index factors that measure the amount of growth in the operation
2. Sum the results of (1), cup at 1.00
3. Divide the result of (2) by 4 to calculate the average index factor;
4. Raise the result of (3) to the fourth power to get the revenue trend factor;
5. Multiply the result of (4) by the average allowable revenue to calculate the indexed average revenue

$6,541,040 = 5 year average x 1.078 index factor = $7,051,242 = Indexed Revenue

WFRP – Whole-Farm History – Expanding Operations

If the operation is:

- Physically expanding by adding either production capacity (such as added land, increase of animals produced or purchased, or an addition of a greenhouse) or increasing the use of existing production capacity (such as double cropping existing land or beginning production on certified organic acreage) with an increase for the insurance year that leads to expected revenue over the simple average allowable revenue, and
- The insurance company approves the farm as an expanding operation
- Average Allowable Revenue may be increased up to 35% by multiplying the Average Allowable Revenue by the expanding operation factor

	$6,541,040	5 year average
X	1.10	Expanding Operation factor
	$7,195,144	Expanded Operation Adjusted Revenue

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Farm Operation Report

Intended Farm Operation Report -The Sales Closing Date

Revised Farm Operation Report –By July 15 for calendar or an early fiscal year filer. Late fiscal filers, the last day of the month in which the fiscal year begins, but no later than October 31, without company consent

After the Revised Farm Operation Report Date -The insured must notify the company within 30 days if they make changes to the commodities grown on their farm after the Revised Farm Operation Report is completed and the company may revise the premium amount based on these changes, except those resulting from a covered cause of loss

Final Farm Operation Report -Production and revenue information. Must be provided at the earliest of: The time an indemnity is claimed or by the sales closing date for the following year, if the commodity is not sold, expected values can be used

Intended - Farm Operation Report

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	I.M. Agent Agent Code: XX Anytown, USA 11111 Policy: xxxx Phone: 111.111.1111	XXXX/XXXX	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 (8 x 9 x 12A) – 12B	13A. Final Total Production	13B. Final Revenue
Sweet Corn	Acres	10 T	$105/T	$1,050/acre	250		$262,500					
Apples (0054) (Fuji)	Acres	1105 boxes	$13.40/box	$14,807/acre	120 acres		$1,776,840					
Apples (0054) Granny Smith	Acres	1105 boxes	$10.35/box	$11,437/acre	50 acres		$571,838					
Potatoes (0084)	Acres	620 cwt	$7.00/cwt	$4,340/acre	620 acres		$2,690,800					
Hay (other)	Acres	6T/acre	$280/T	$1,680/acre	480 acres		$806,400					
Alfalfa	Acres	8T/acre	$250/T	$2,000/acre	240 acres		$480,000					
14. Total At SCD							$6,588,378					
15. Total												

16. Total Expected Revenue @ SCD (Total of Item 14 and 15 @ SCD)		$6,588,378			
17. Whole-Farm Historic Average Revenue (Item 13 of WFHR)		$7,195,144			
18. Total Expected Revenue @ Revised Reporting Date (Item 15)					
19. Approved Revenue (Lesser of item 16 and 17 @ SCD or item 17 and 18 @ RRD)	19a	$6,588,378	19b		
20. Approved Expenses	20a	$4,507,200	20b		

21. Narrative, Expected Values, and Report of Changes: Potato acres decreased to 500 at revised time

22. Integrated/Post-production Operations: ( ) YES or (x) NO See Special Circumstances in Section 6.

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Insurance Period

Insurance period - The tax year which is insured by WFRP

Insurance year - The insurance year is designated by the calendar year in which the sales closing date occurs

Tax year - 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

Fiscal year - A period of the 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. Begins after January 31 of the insurance year and ends on the last day of the twelfth month

WFRP – When Insurance Attaches

For the first year the producer obtains coverage under this policy, the coverage will begin the later of;

- The beginning of the insurance period; or
- 10 days after the company's acceptance of the application

WFRP -What is covered?

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

Following the year of application, coverage is provided against loss of revenue due to causes of loss (specified in the policy) that occurs during the current or previous insurance period, and market based fluctuation that causes a loss in revenue for the current insurance period in accordance with the policy

WFRP-What is not covered?

- Negligence, mismanagement, wrongdoing
- 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;
- Failure to follow recognized good farming practices for each insured commodity
- Water contained by any government, public, private dam or reservoir
- Damage to machinery or equipment;
- Failure to carry out good irrigation practices
- 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
- Theft and Vandalism

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WFRP-What is not covered?

- Inability to market the commodities due to quarantine, boycott or refusal of anyone to accept commodities
- Lack of labor
- Failure of buyer to pay for commodities
- Failure to follow the requirements contained in any processor contract;
- Abandonment;
- Failure to obtain a price for any commodity that is reflective of the local market value;
- Deterioration of commodities in storage that reduces the quality or value of the commodity, unless such deterioration is due to unavoidable natural causes that occurred during the insurance period

Note: Decline in local market price will be presumed to be from unavoidable natural causes unless the FCIC is able to specifically identify a man-made cause that resulted in a measurable change in the price. In the case of such occurrence, the portion of the loss caused by the man-made event will not be covered

WFRP –Commodity Count Calculation

The following calculation will determine the commodity count:

Formula: Divide 1.0 by the number of commodities (separate commodity codes) on Farm Report x 0.333 x the expected revenue =
1/5 x 0.333 x $6,588,378 = $441,421

Determine how many commodities have expected revenue equal to or greater than $441,421

Commodities with the same commodity code will be combined before this calculation is done.

Commodity Name/Code	Method of Establishment	Yield	Expected Value	Expected Revenue (8x9)	Intended Quantity	Cost/Basis and/or Value	Total Expected Revenue (10x11A) – 11B
Sweet Corn	Acres	**10 T**	**$105/T**	**$1,050/acre**	**250**		**$262,500**
Apples (0054) (Fuji)	Acres	**1105 boxes**	**$13.40/box**	**$14,807/acre**	**120 acres**		**$1,776,840**
Apples (0054) Granny Smith	Acres	**1105 boxes**	**$10.35/box**	**$11,437/acre**	**50 acres**		**$571,838**
Potatoes (0084)	Acres	**620 cwt**	**$7.00/cwt**	**$4,340/acre**	**620 acres**		**$2,690,800**
Hay (other)	Acres	**6T/acre**	**$280/T**	**$1,680/acre**	**480 acres**		**$806,400**
Alfalfa	Acres	**8T/acre**	**$250/T**	**$2,000/acre**	**240 acres**		**$480,000**

WFRP - Expected Values

Expected Value for each commodity is the value the producer expects to receive for commodities listed on the Farm Operation Report and must be consistent with the Expected Value Guidelines in the policy

Expected values must be reasonable, realistic, and consistent with available local market information, supported by verifiable records (except where direct marketing sales records are allowed) and take into account current local markets, cycles and trends

The source for each expected value on the Expected Values section of the Farm Operation Report must be provided

Revised Farm Operation Report

If the Revised Farm Operation Report shows the insured has exceeded the Qualifying Person Criteria policy limits and the farm:

- Exceeds the $8.5 M insured revenue limit-insurance will be capped at $8.5 million and all revenue produced will be considered revenue to count;
- Exceeds either the $1 million limitation on animals and animal products or greenhouse/nursery, the amount shown under either will be capped at the limit and all revenue produced will be considered revenue-to-count;
- Does not have the minimum two commodity requirement for farms with potatoes the policy will be void and no coverage provided
- Commodity count calculation needs to be verified, if the commodity count changed, the coverage levels need to be recalculated

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Revised -Farm Operation Report

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	I.M. Agent Agent Code: XX Anytown, USA 11111 Policy: xxxx Phone: 111.111.1111	XXXX/XXXX	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 (8 x 9 x 12A) – 12B	13A. Final Total Production	13B. Final Revenue
Sweet Corn	Acres	10 T	$105/T	$1,050/acre	250		$262,500	250 ac		$262,500		
Apples (0054) (Fuji)	Acres	1105 boxes	$13.40/box	$14,807/acre	120 acres		$1,776,840	120 ac		$1,776,840		
Apples (0054) Granny Smith	Acres	1105 boxes	$10.35/box	$11,437/acre	50 acres		$571,838	50 ac		$571,838		
Potatoes (0084)	Acres	620 cwt	$7.00/cwt	$4,340/acre	620 acres		$2,690,800	500 ac		$2,170,000		
Hay (other)	Acres	6T/acre	$280/T	$1,680/acre	480 acres		$806,400	480 ac		$806,400		
Alfalfa	Acres	8T/acre	$250/T	$2,000/acre	240 acres		$480,000	240 ac		$480,000		
14. Total At SCD							$6,588,378					
15. Total										$6,067,578		

16. Total Expected Revenue @ SCD (Total of Item 14 and 15 @ SCD)		$6,588,378			
17. Whole-Farm Historic Average Revenue (Item 13 of WFHR)		$7,195,144			
18. Total Expected Revenue @ Revised Reporting Date (Item 15)					$6,067,578
19. Approved Revenue (Lesser of item 16 and 17 @ SCD or item 17 and 18 @ RRD)	19a	$6,588,378		19b	$6,067,578
20. Approved Expenses	20a	$4,507,200		20b	$4,182,682

21. Narrative, Expected Values, and Report of Changes: Potato acres decreased to 500 at revised time

22. Integrated/Post-production Operations: ( ) YES or (x) NO See Special Circumstances in Section 6.

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Determine Approved and Insured Revenue

Approved Revenue is determined on the Farm Operation Report and is the lower of :

Expected Revenue Revised Farm Operation Report @ July 15 ($6,067,578) or,

The Whole Farm Historic Average Revenue ($7,195,144)

Approved Revenue = $6,067,578

Insured Revenue =Approved Revenue X Coverage Level

$6,067,578 Approved Revenue X 85% Coverage Level = $5,157,441 Insured Revenue (Maximum amount of loss payment)

Premium Calculation, Subsidy, and Billing

The farm level premium rate depends on the:

- County(s);
- Commodities grown;
- Percentage of revenue from each commodity grown;
- Commodity Count- The more diversified the farm is the lower the farm level premium rate.

Premium is calculated by:

- Multiplying the Insured Revenue by the Farm Level Premium Rate;
- Subsidy–Determined by the commodity count calculation:
    - Whole-Farm Level for 2 or more commodities;
    - Basic Level for 1 commodity

Billing Dates:

- August 15 for calendar or early fiscal filers
- December 1 for late fiscal filers

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End of the Year-
Complete the Final Farm Operation Report

The Final section of the Farm Operation Report is completed the earlier of:

- By the following year's sales closing date
- When a claim is filed
- For fiscal year filers whose year does not end until after the next year's sales closing date- 60 days following the end of the fiscal year

Final -Farm Operation Report

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	XXXX/XXXX	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 (8 x 9 x 12A) – 12B	13A. Final Total Production	13B. Final Revenue
Sweet Corn	Acres	10 T	$105/T	$1,050/acre	250		$262,500	250 ac		$262,500	9.5t	$249,375
Apples (0054) (Fuji)	Acres	1105 boxes	$13.40/box	$14,807/acre	120 acres		$1,776,840	120 ac		$1,776,840	1000 box	$1,452,000
Apples (0054) Granny Smith	Acres	1105 boxes	$10.35/box	$11,437/acre	50 acres		$571,838	50 ac		$571,838	1050 box	$519,750
Potatoes (0084)	Acres	620 cwt	$7.00/cwt	$4,340/acre	620 acres		$2,690,800	500 ac		$2,170,000	550 cwt	$1,375,000
Hay (other)	Acres	6T/acre	$280/T	$1,680/acre	480 acres		$806,400	480 ac		$806,400	5.5t	$699,600
Alfalfa	Acres	8T/acre	$250/T	$2,000/acre	240 acres		$480,000	240 ac		$480,000	7.5t	$369,000
14. Total At SCD							$6,588,378					
15. Total										$6,067,578		$4,664,725

16. Total Expected Revenue @ SCD (Total of Item 14 and 15 @ SCD)		$6,588,378				
17. Whole-Farm Historic Average Revenue (Item 13 of WFHR)		$7,195,144				
18. Total Expected Revenue @ Revised Reporting Date (Item 15)					$6,067,578	
19. Approved Revenue (Lesser of item 16 and 17 @ SCD or item 17 and 18 @ RRD)	19a	$6,588,378		19b	$6,067,578	
20. Approved Expenses	20a	$4,507,200		20b	$4,182,682	

21. Narrative, Expected Values, and Report of Changes: Potato acres decreased to 500 at revised time

22. Integrated/Post-production Operations: ( ) YES or (x) NO See Special Circumstances in Section 6.

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WFRP - Claim for Indemnity

- Insured must provide a notice of loss within 72 hours of initial discovery that allowable revenue for the insurance period could fall below the insured revenue
- The insured must submit a claim for indemnity declaring the amount of the loss not later than 60 days after the original date that the farm tax forms for the insurance year must be provided to the IRS, unless the insured filed a tax extension request
  - Must complete and file farm taxes with the IRS before a claim for indemnity can be filed
  - The Company will not pay any indemnity if the insured does not file their farm tax forms on or before the first day of the seventh month after the end of the insurance period, unless the insured has requested a Federal tax filing extension

WFRP - Claim for Indemnity

Required Documentation to Complete a Claim:

Claim for Indemnity Report

Claim Year Tax Form 1040 Schedule F (or equivalent)

Final Farm Operation Report

Claim Year Allowable Expenses Worksheet

Claim Year Allowable Revenue Worksheet
Inventory and Accounts Receivable (if applicable)

Market Animal and Nursery Inventory (if applicable)

Replant Payment Worksheet (if applicable)

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WFRP - Claim for Indemnity

Upon the Company's request, the insured must:

- Provide verifiable records or direct marketing sales records that comprise a complete marketing record of any commodity on the farm operation; and
- For any commodity that produced less actual revenue than expected revenue, must provide verifiable records sufficient to determine the loss of revenue was caused by perils covered under this policy; and
- Submit to examination under oath if requested by the AIP

If the amount of loss cannot be accurately determined from the information submitted, no indemnity will be paid but premium will still be owed

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WFRP - Claim for Indemnity Steps

1) Determine allowable revenue from farm tax forms for the insurance year using the Allowable Revenue Worksheet:

Adjust revenue by making the following adjustments (adding or subtracting):

- The dollar amount of ending accounts receivable minus the dollar amount of beginning accounts receivable.
- For all commodities produced on the farm operation, the value of ending inventory less the value of the beginning inventory (the value of both the beginning and ending inventories will be the actual price received if the inventory is sold prior to the time the claim is finalized. If the inventory is not sold at the time the claim is finalized, the local market value on the first day of the month in which the claim is finalized will be used); and

WFRP - Claim for Indemnity Steps

2) Determine the allowable expenses from farm tax forms for the insurance year using the Allowable Expense Worksheet

Determine allowable expenses for the insurance year on the Allowable Expense Worksheet:

- Allowable expenses will be determined from information on the insured's farm tax forms for the insurance year; and
- If the insured uses a cash accounting method and prepay expenses and supplies to a greater extent than they have in the past, or if losses in the insurance period prevent them from paying or prepaying for expenses and supplies to the extent they have in the past, the company will adjust the expenses using accrual accounting methods, including adjustments for beginning and ending accounts payable, if applicable

WFRP - Claim for Indemnity Steps

To calculate the expense reduction factor we will:

- Divide allowable expenses by the approved expenses;
- If this result is equal to or larger than .70, there is no expense reduction
- If the result is less than .70, subtract the result from .70 to determine the expense reduction factor
- Multiply the result by the approved revenue to calculate the expense reduction dollar amount
- Complete an Inventory Report
- Complete an Accounts Payable and Receivable Report
- Transfer all applicable numbers to the Claim Form
- Make adjustments to the allowable revenue based on the instructions on the Claim Form

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WFRP - Claim for Indemnity Steps

To calculate the revenue-to-count (continued):

- For all animals and other commodities purchased for resale, the amount calculated by:

  (A) Determining the expected value of the ending inventory on the last day of the insurance period; ($150,000)

  (B) Subtracting the cost basis of the commodities in the ending inventory from the result of (A);(150,000 - $90,000 = $60,000)

  (C) Determining the expected value of the beginning inventory on the first day of the insurance period;($100,000)

  (D) Subtracting the cost basis of the commodities in the beginning inventory from the result of (C); and($100,000 - $60,000 = $40,000)

  (E) Subtracting (D) from (B) ($60,000 - $40,000 = $20,000)

(3) Adding to the result of (1) or (2), as applicable, any allowable revenue that is lost because commodities were damaged or destroyed by causes of loss not covered under this policy;

(4) Adding to (3) the expected revenue of any commodity that is abandoned;

WFRP - Claim for Indemnity Steps

To calculate the revenue-to-count (continued):

(5) Adding to the result of (4) any insurance indemnity received from an insurance policy covering commodity losses on the farm or for program payments from other programs such as disaster payments programs. The Non-insured Assistance Programs (NAP) are specifically not included in revenue-to-count because NAP payments may not be received if a WFRP indemnity is paid. For example, an insurance payment from a multiple peril policy for damage to any agricultural commodity would be included; and

(6) Adding to the result of (5) any gain from commodity hedging

WFRP - Claim for Indemnity Steps

(7) Applying the expense reduction factor to the approved revenue and multiplying the result by the coverage level; and

(8) Subtracting the revenue-to-count from that result

WFRP - Claim for Indemnity Example

For example:

- Approved expenses of $100,000
- Allowable expenses for the insurance period of $68,000
- Approved revenue is $130,000 and elected a coverage level of 75%
- Insured revenue is $97,500
- Revenue to count is $25,000
- Indemnity is calculated as follows:
  - » Allowable expenses of $68,000 fall below 70% of the approved expenses of $100,000
  - » $68,000/$100,000 = 68% of approved expenses
  - » 70% – 68% = .02 expense reduction factor
  - » 130,000 * .02 = $2,600 expense reduction dollar
  - » The expense reduction dollar amount is subtracted from the approved revenue
  - » $130,000 minus $2,600 = $127,400 * 75% coverage level = $95,550 insured revenue
  - » $95,550 minus $25,000 revenue to count = $70,550 indemnity paid

Claim for Indemnity Report

CLAIM FOR INDEMNITY REPORT				
1. Insurance Year: 2015	2. State/County: MI / Bay	5. Insured Information: I.M. Insured Box 1 Anytown, USA, 11111 Phone: 999.999.9999 SSN: xxx.xx.xxxx Person Type: Individual	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 2015		9. Cause of Damage: Drought	10. Primary Cause (%): 100	11. Date(s) of Notice: 8/1/2015

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)
$4,311,156	$4,182,682	1.03	0	$6,067,578	0	$6,067,578	85%	$5,157,441

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)
$4,668,100	$-3,375	0	0	0	$4,664,725	$492,716

28. Narrative:
Item 22 = inventory adjustment from previous year apple production

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		

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Replant Payment Eligibility Requirements

To be eligible for a replant payment:

- The damaged commodity must be an annual plant; and,
- Damage to the commodity must be due to an insured cause of loss; and,
- The company must agree it is practical to replant and give their consent to replant the commodity; and
- The acreage replanted must be at least 20 acres or 20 percent of the insured planted acreage, applied separately to each commodity to be planted; and.
- The producer must submit verifiable records showing their actual cost of replanting;
- The company may inspect the acreage prior to making the replant payment.

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Replant Payment Eligibility Requirements

The maximum amount of a replant payment will be the lesser of:

- 20 percent of the expected revenue times the coverage level for the commodity as reported on the Farm Operation Report per acre; or
- The actual costs of replanting per acre;

No replant payment will be made if the company is unable to determine the producer's actual cost of replanting.

No replanting payment will be made on acreage on which one replanting payment has been made for the crop year.

No replant payment will be made for any commodity on the farm operation that is also insured by another policy issued under the authority of the Act if replant payments are also available under the other policy.

Step 5- Actual Farm Revenue for the Insurance Period

Sweet Corn	250	Ac	10	Ton	$105.00	$262,500
Fuji Apples	120	Ac	1105	Box	$13.40	$1,776,840
Granny Apples	50	Ac	1105	Box	$10.35	$571,838
Potatoes	620	Ac	500	Cwt	$7.00	$2,170,000
Hay (Other)	480	Ac	6	Ton	$280.00	$806,400
Alfalfa	240	Ac	8	Ton	$250.00	$480,000
						$6,067,578

Step 6 – Calculate any Indemnity

$6,067,578	Approved Revenue
x 85%	Coverage level (deductible)
5,157,441	Insured Revenue (Asset protection)
- 4,664,725	2015 Revenue to Count for insurance period

$492,716 Revenue Loss (Indemnity payment)

Additional Information

USDA Risk Management Agency (RMA)

www.rma.usda.gov/

To find a crop insurance agent, go to

www.rma.usda.gov/tools/agent.html

This institution is an equal opportunity provider.

NYS Department of Agriculture and Markets

Crop Insurance & Risk Management Education

www.agriculture.ny.gov/AP/CropInsurance.html

1-800-554-4501