

Whole Farm Revenue Protection: A Risk Management Opportunity for New York's Diversified Growers

Whole Farm Revenue Protection (WFRP) is a relatively new crop insurance policy that was 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 and is based on the average of five years of a farmer's Schedule F tax form. It can be used in conjunction with single crop insurance plans, such as corn, whenever they are available.

WFRP, however, is intended to cover all crops and livestock produced on an eligible farm rather than just one specific crop like traditional revenue and yield 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.

Farmer JoAnne Smith is one of the approximately 6,500 women principal operators of farms in New York State. She indicates that the possibility of weather-related loss of revenue has become a primary concern, and this year she is considering the new crop insurance product, WFRP, as part of her risk management strategy. She likes that, besides protecting revenues, WFRP includes coverage for replanting annual commodities.

She has farmed her 330 acres since 2003 and began keeping careful records about eight years ago. In 2016, she can provide her crop insurance agent with the five consecutive years

(2010-2014) of Schedule F tax forms required for the Whole-Farm History Report she must submit with her application. Smith has copies of other documents proving her farm tax forms are accurate and have been filed with the IRS.

Her plans for 2016 are to harvest 80 acres of alfalfa/mixed-grass hay, 100 acres of hulless oats and lambs from the 225 sheep she pastures on another 50 acres. This is the fifth year she has grown this type of oats and her buyer has indicated his intention to continue to purchase the crop for his growing local market. She wants to renovate/replant a 100-acre hay field that she does not expect to harvest this year.

Smith expects to sell **200 lambs** for the Easter market, a reliable source of income in past years. The 80 acres of hay is expected to yield 240 tons. She plans to store 100 tons for the herd and sell **140 tons of hay** to other

local farmers. The 100 acres of

hulless oats is expected to produce 6,000 bushels of which 300 bushels will be fed to the herd and she plans to sell **5,700 bushels of hulless oats** to her gluten-free (GF) edible oats market at a premium price. (Smith does not grow any rye, wheat or barley, has dedicated harvesting equipment and has maintained rotations that qualify the farm and grain as GF.) Smith has, therefore, three commodities that will produce insurable revenue under WFRP guidelines and so is eligible for a whole farm premium subsidy at a higher level.

Smith's expected revenue for 2016 is as follows. It is in line with her actual revenue in previous



years and would become her approved revenue for coverage under WFRP.

200 lambs	\$225.00 each	\$45,000
140 tons of hay	\$200.00/ton	\$28,000
5,700 bu of hulless GF oats	\$6.00/bushel	\$34,200
Total		\$107,200

Based on her own past experience, Smith is considering coverage that would give her revenue protection at 80% of her approved revenue. Her **insured revenue** would be \$107,200 X 0.8 = \$85,760. The premium for her coverage, subsidized by the federal government, is \$2,139.

Her agent explains that, when her farm's actual revenues as reported to the IRS fall below her insured revenue of \$85,760, a loss will be deemed to have occurred. For example, if 40 of her lambs died in an unexpected March snow squall, her revenues from selling Easter lambs would be 160 X \$225 = \$36,000 instead of the \$45,000 she planned for. Because of the timing, her expenses remained essentially the same. Then, in late June, a straight line wind destroys over half of her hulless oat crop and, after setting aside 300 bushel (bu) as feed for her herd, Smith has only 2,000 bu to sell. She will have 2,000 X \$6 = \$12,000 in revenue rather than the \$34,200 she planned. For the oats, the expenses she incurred before the storm were substantial. Her total expenses come to 85% of the amount approved when she signed up for WFRP.

In the case of both the lambs and oats, Smith must submit a form called "a notice of loss" within 72 hours of discovery that revenue for the insurance year could be below the insured revenue.

Her total yearly revenue would now be \$36,000 + \$28,000 + \$12,000 = \$76,000. Smith is entitled to claim a loss of \$9,760.00 (\$85,760 - \$76,000) after she files her Schedule F with the IRS. Smith will receive a check about 30 days after her claim has been verified and accepted by the crop insurance company from whom she purchased the crop

insurance. It will help her meet expenses and prepare for next year.

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
 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.

