

United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



FCIC 18160  
(11-2014)  
FCIC 18160-1  
(01-2015)

# **WHOLE-FARM REVENUE PROTECTION PILOT HANDBOOK**

## **2015 and Succeeding Crop Years**



**RISK MANAGEMENT AGENCY  
KANSAS CITY, MO 64133**

<b>TITLE: WHOLE-FARM REVENUE PROTECTION PILOT HANDBOOK</b>	<b>NUMBER: FCIC 18160 (11-2014) FCIC 18160-1 (01-2015)</b>
<b>EFFECTIVE DATE: 2015 Succeeding Insurance Years</b>	<b>ISSUE DATE: January 13, 2015</b>
<b>SUBJECT:</b>  <b>Provides the procedures and instructions for the Whole-Farm Revenue Protection program.</b>	<b>OPI: Product Administration and Standards Division</b>
	<b>APPROVED:</b>  /s/ <b>Tim B. Witt</b>  <b>Deputy Administrator for Product Management</b>

**REASONS FOR AMENDMENT**

Changes: See changes or additions in text which have been **highlighted**. Three stars (\*\*\*) identify where information has been removed.

1. Paragraph 2(C), page 4: Removed language regarding mutual consent cancellation to match WFRP policy language
2. Paragraph 21(B)(4), page 10: Removed language “at SCD” to match WFRP policy language.
3. Paragraph 41(B), page 18: Added language clarifying commodity count regarding multiple commodities listed on Farm Operation Report with different or same commodity codes.
4. Paragraph 44(D), page 21: Removed reference to NAP payments as revenue used for revenue-to-count.
5. Paragraph 48(A), page 28: Removed language referencing increase in approved revenue after Revised Time to match WFRP policy language.
6. Paragraph 106, page 57 and 58: Removed “federal” in reference to crop insurance indemnities and the revenue-to-count calculation.
7. Exhibit 5, page 93: Added language to clarify form standards of several forms.
8. Exhibit 8, page 108 item 9 and page 109 item 15: Corrected item required element to correct the equation and item references and made corresponding revisions to the form example.
8. Exhibit 10, page 116: Corrected acronym for purchase for resale, added an example for clarification, and added commodity codes to form example.
9. Exhibit 12, page 127: Replaced page 1 of Schedule F to provide correct example and added page 2 of the Schedule F for reference purposes.
10. Exhibit 13, page 129: Replaced page 1 of Substitute Schedule F to provide correct example.

## WHOLE-FARM REVENUE PROTECTION PILOT HANDBOOK

### REASONS FOR AMENDMENT (Continued)

11. Exhibit 14, page 132: Added reference and language to item 12 of required elements clarifying instructions for cash and accrual filers and made corresponding revision to the form example.
12. Exhibit 15, page 134: Added reference and language clarifying instructions for accrual filers and made corresponding revisions to the example form. Also removed language regarding items 1a, 1b, and 1c of Schedule F that is addressed in item 9.
13. Exhibit 16, page 142: Removed “federal” in reference to crop insurance indemnities and the revenue-to-count calculation.
14. Exhibit 18, page 149: Added language regarding additional guidance for determining Expected Values.

### CONTROL CHART

Whole-Farm Revenue Protection Pilot Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Remove	1-2		3-4	5	93-98	11-2014	FCIC 18160
			9-10	8	107-110	11-2014	FCIC 18160
			17-18	9	115	11-2014	FCIC 18160
			21-22	10	116	11-2014	FCIC 18160
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			Insert	1-4		3-4	5
9-10	8	107-110				01-2015	FCIC 18160-1
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27-28	10	123				01-2015	FCIC 18160-1
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# WHOLE-FARM REVENUE PROTECTION PILOT HANDBOOK

## CONTROL CHART (Continued)

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**B. AIP Responsibilities (continued)**

- (4) report any program issues or concerns regarding the WFRP to RMA, Director of PASD;
- (5) instruct the insured of their responsibilities in accordance with the WFRP policy and subparagraph D;
- (6) prior to acceptance, ensure the application is accurate and complete;
- (7) ensure all documentation, determinations, and calculations are completed as provided in the WFRP policy and this handbook;
- (8) notify insured of changes following the AIP underwriting reviews;
- (9) update revenue databases for carryover insureds;
- (10) for policies being transferred, an assuming the AIP must:
  - (a) verify the revenue history;
  - (b) notify the insured their premium and loss experience will be transferred;
  - (c) notify the insured their revenue history will be verified and transferred;
  - (d) notify the insured of policy termination if they are indebted to the ceding AIP; and
  - (e) notify the ceding AIP when it has accepted the transferred policy.
- (11) if necessary, make farm visits to determine beginning and ending inventories, such as bin or storage facility measurements, and pre-acceptance inspections;
- (12) ensure all forms and reports required under the WFRP policy are properly signed by the insured and dated;
- (13) complete all quality control reviews and audits according to the Standard Reinsurance Agreement, Appendix IV; and
- (14) flag the policy for review when yields or expected values on the Farm Operation Report are questionable.

**C. Agent Responsibilities**

Agents must:

- (1) Understand the qualification requirements for the program and explain all program participation requirements and deadlines to applicants and insureds;
- (2) be able to explain the WFRP program to applicants and insureds,

**C. Agent Responsibilities (continued)**

- (3) determine the correct allowable revenue and expenses for each year in the whole-farm history period using associated tax returns, applicable worksheets, and supporting documentation;

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- (4) review all reports for completeness and accuracy, and insure all applicable signatures and dates are provided;
- (5) obtain all records and documentation required for program participation;
- (6) provide all applicable forms and records to the AIP; and
- (7) refer requests to the AIP for farm visits to determine beginning and ending inventories, such as bin or storage facility measurements, and pre-acceptance inspections.

**D. Insured Responsibilities**

Insureds must:

- (1) Provide 5 consecutive years of farm tax records.
- (2) Show additional tax records if necessary so the AIP can verify that farm taxes were filed. For example-if the insured is a disregarded entity under IRS rules, the AIP may request other tax records to verify the entity information under which the entity's taxes were filed.

**Example:** John Doe, LLC is the entity with insurable interest. However LLC's that are in individual names are disregarded entities under IRS rules. John and Jane Doe file their personal income taxes with the John Doe LLC farm attached listing the farm income. A copy of the personal income tax record needs to be included to show the amount from the John Doe LLC that was filed.

- (3) Provide their farm plan for the insurance year. Information from other Federal crop insurance plans of insurance the insured has may also be required by the AIP to use in underwriting the WFRP policy. This includes actual production histories and acreages.
- (4) Provide any applicable organic documentation requested by the AIP. See paragraph 141 for Organically Grown Commodities.
- (5) Provide information about any changes to the farm plan to the AIP during the year.



## PART 2 WFRP POLICY INFORMATION

### 21 Eligibility

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#### A. Qualifying Person Criteria

- (1) The insured must be the same person as the person designated on the farm tax forms. To be eligible for WFRP, a person must:
  - (a) not be ineligible for crop insurance under 7 C.F.R. part 400, subpart U;
  - (b) meet the qualifying person criteria provided in the WFRP policy;
  - (c) have filed a Federal tax return for their farm for the required 5 consecutive years. (The forms must be for the same tax entity as the applicant unless section 2(b) of the policy applies that allows use of another person's farm tax forms in specific situations); and
  - (d) have 100 percent interest in the revenue to be earned from the insured commodities.
- (2) The following persons are not qualifying persons and are not eligible for WFRP.
  - (a) Persons who have a short tax year for the insurance year, if they have a short tax year in their whole-farm history period, or if the lag year is a short tax year. The only means in which a short tax year can be considered is if it is in the historic years (not for the insurance year) and if the applicant submits the tax returns filed and a Schedule F or Substitute Schedule F form for each tax year up to and including the short tax year. The Schedule F or Substitute Schedule F forms must show a reallocation of the income and expenses for each year up to and including the short tax year.
  - (b) Persons whose revenue is not subject to Federal income tax, such as some Indians Represented by Bureau of Indian Affairs.
  - (c) Individuals less than 18 years of age where legal majority has not been conferred by a court:

**Exception:** Individuals less than 18 years of age where legal majority has not been conferred by a court may be eligible for WFRP insurance if:

- (1) the individual provides evidence an insurable share exists;
- (2) a written statement describing the farm operation and insurable share is provided;
- (3) a court-appointed guardian or parent co-signs the application; and
- (4) the court-appointed guardian or parent guarantees payment of the annual premium.

**A. Qualifying Person Criteria (continued)**

When a minor reaches 18 years of age, or is conferred legal majority by a court, and is competent to enter a legally binding contract, their existing WFRP policy is dissolved and a new application is required.

- (d) Beginning farmers and ranchers, unless they are producers who qualify for WFRP by having the required five consecutive years of tax records but do not have to count those years as experience years of farming or ranching due to the specific exclusions in the beginning farmer and rancher procedures (for example, in school or active military service).

**B. Ineligible Farm Operation**

A farm operation is ineligible for WFRP insurance when:

- (1) the insured raises potatoes and the commodity count calculation under the policy indicates the insured does not qualify as having two commodities;
- (2) at SCD the expected revenue from animals and animal products is greater than \$1 million, or more than 35 percent of the insured revenue from all commodities on the farm operation for the insurance year;
- (3) at SCD the expected revenue from nursery or greenhouse products is greater than \$1 million, or more than 35 percent of the insured revenue from all commodities on the farm operation for the insurance year;

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- (4) only one commodity will be produced on the farm operation during the insurance year and revenue protection is available for that commodity through another plan of insurance offered under the authority of the Act;
- (5) CAT coverage is obtained through another plan of insurance offered under the authority of the Act for any commodity on the farm operation; or
- (6) at SCD the insured revenue for the insurance year is greater than \$ 8.5 million.

**C. Pass-Through Revenue**

Entities that are considered to be pass-through entities by the IRS may only insure the allowable revenue from commodities if the entity is the originating entity that produced the commodity. Owners of a pass-through entity that are not the originating entity may not insure pass-through revenue or loss under WFRP. Pass-through revenue can only be insured by the originating entity because the originating entity reports the revenue and expenses to IRS and maintains the supporting documents required to participate in WFRP.

**B. Commodity Count Calculation (continued)**

(2) The Commodity Count Calculation is calculated as follows:

- (a) Determine the number of commodities on the farm. Each separate commodity code on the Farm Operation Report is counted once to determine the number of commodities, regardless of the number of times the commodity code is used;

**Example:** If two lines are present for cattle with significantly different prices, such as for heifers and steers, and the commodity codes are the same, the expected revenues from these two lines are added together and treated as one commodity.

- (b) Divide 1 by the result of (a) and round the result to three decimals.
- (c) Multiply the result of (b) by 0.333 and round the result to three decimals; and
- (d) Multiply the result of (c) by the Expected Revenue on the Farm Operation Report and round this to whole dollars;
- (e) Sum the Expected Revenue for each individual commodity;
- (f) Determine how many of the commodities in (e) have Expected Revenue equal to or greater than the result of (d);
- (g) Sum the Expected Revenue amounts from the result of (e) and subtract the result from the Total Expected Revenue;
- (h) Divide the result of (f) by the result of (d) to determine the number of additional commodities to count using whole numbers and no rounding; and
- (i) Add the result of (f) to the result of (h) to determine the commodity count for WFRP.

**Example:** At SCD, the applicant reported on the Intended Farm Operation Report that corn, mums, geraniums, pigs, carrots, cucumbers, and squash will be produced with a total expected revenue of \$170,250. Mums and geraniums have the same commodity code and expected revenue for each are added together and count as one commodity. The expected revenue from each of at least three of the commodities must be at least \$9,534  $[(1.0 \div 6) \times 0.333] \times \$170,250$  for the applicant to be eligible for a coverage level above 75 percent (as shown in SP). The expected revenue for each commodity is: \$93,750 for corn; \$9,500 (\$9,000 + \$500) for mums and geraniums; \$50,000 for pigs; \$9,000 for carrots; \$6,000 for cucumbers; and \$2,000 for squash. Only two commodities (corn and pigs) individually have expected revenue equal to or exceeding the \$9,534 commodity count calculation required amount.

**B. Commodity Count Calculation (continued)**

**Example (continued)**

However, the applicant can combine the expected revenue of any of the other commodities (nursery (mums and geraniums), carrots, cucumbers and squash) to meet the commodity count calculation required amount. The combined revenue for the nursery, carrots, cucumbers, and squash is \$26,500 (\$9,500 + \$9,000 + \$6,000 + \$2,000), which results in an additional 2 counted commodities ( $\$26,500 \div \$9,534$ ) bringing the commodity count to 4. The applicant is eligible for a coverage level above 75 percent (as shown in SP).

(3) A farm operation producing multiple commodities with **DIFFERENT** commodity codes is ineligible for WFRP if:

- (a) The farm operation qualifies for only **ONE** commodity using the commodity count calculation in the WFRP policy; and
- (b) The commodity listed on the Farm Operation Report with the highest expected revenue has another FCIC Revenue plan of insurance available for the county listed on the WFRP application.

**Note:** In cases when another FCIC Revenue plan of insurance is available, but the commodity type will always have a harvest price equal to the projected price where only yield losses are covered, such as, but not limited to, specific dry bean or pea types and corn silage, revenue coverage will not be considered available for WFRP purposes and the farm operation may be eligible for WFRP insurance.

(4) A farm operation producing a commodity that is listed on the Farm Operation Report using multiple lines with the **SAME** commodity code is ineligible for WFRP if:

- (a) The farm operation qualifies for only **ONE** commodity using the commodity count calculation in the WFRP policy; and
- (b) The commodity listed on the Farm Operation Report with highest expected revenue (within the common commodity code) has another FCIC Revenue plan of insurance available for the county listed on the WFRP application.

**Note:** In cases when another FCIC Revenue plan of insurance is available, but the commodity type will always have a harvest price equal to the projected price where only yield losses are available, such as, but not limited to, specific dry bean or pea types and corn silage, revenue coverage will not be considered available for WFRP purposes and the farm operation may be eligible for WFRP insurance.

**B. Commodity Count Calculation (continued)**

**Example 1:** A farm operation in Carter County, Montana produces wheat (1013) with expected revenue of \$100,000, hay (0899) with expected revenue of \$10,000, and mixed hay (0670) with expected revenue of \$2,000. The farm operation qualifies for only one commodity based on the commodity count calculation. A Revenue Protection policy is available in Carter County, Montana for wheat (the commodity listed on the Farm Operation Report with the highest expected revenue); therefore, this farm operation is ineligible for a WFRP policy.

**Example 2:** A farm operation in St. Claire County, MI produces two types of dry beans (0047); black beans with expected revenue of \$100,000, and pinto beans with expected revenue of \$10,000; and mixed hay (0670) with expected revenue of \$2,000. The farm operation qualifies for only one commodity based on the commodity count calculation. A Revenue Protection policy is available in this county for black beans (the commodity listed on the Farm Operation Report with the highest expected revenue), so this farm operation is ineligible for a WFRP policy.

**Example 3:** A farm operation in St. Claire County, Michigan produces three types dry beans (0047); great northern beans with expected revenue of \$100,000, pinto beans with expected revenue of \$10,000, and black beans with expected revenue of \$2,000. The farm operation qualifies for only one commodity based on the commodity count calculation. Great northern beans is the largest revenue producing commodity on this farm and while a Revenue Protection policy is available in this county for most dry bean types, revenue protection is not available in this county for great northern beans (see note above in 41(B)(4)(b)), so the farm is eligible for a WFRP policy.

**Note:** There are several type codes for dry beans and dry peas under the Dry Bean Revenue and Dry Pea Revenue insurance plans; however, the commodity code for all dry beans under WFRP is 0047 and for all dry peas under WFRP is 0067. Dry beans and dry peas are examples of commodities that the type with the highest expected revenue within *the multiple types listed* on the Farm Operation Report will be used for determination of WFRP eligibility.

**Example 4:** A farm operation in Pottawatomie County, Kansas has expected revenue of \$100,000 from soybeans for the upcoming year and has a commodity count of one. Because Revenue Protection insurance is available for soybeans in this county, the farm is ineligible for WFRP.

## 41 Basic Information and Commodity Count (Continued)

### C. Administrative Fee

See WFRP policy for administrative fee amount and payment date. The procedures in the CIH regarding administrative fee waivers and third party prohibitions apply.

## 42 Coverage Levels

### A. Available Coverage Levels

Coverage levels offered under WFRP are provided on the actuarial documents.

Insureds:

- (1) may elect any amount of coverage they are eligible to receive;
- (2) will have only one coverage level per policy;
- (3) must have a commodity count as calculated in paragraph 41B that is the minimum number of commodities required for the coverage level selected, as provided in the SP and subparagraph B below;
- (4) may change the coverage level, if requested in writing on or before the SCD; and

**Exception:** Insureds cannot increase their coverage level if any cause of loss that would reduce the allowable revenue for the insurance year is evident prior to the request to change coverage levels.

- (5) must select a buy-up coverage level for the any other Federally reinsured policy purchased, unless otherwise stated in the SP, when any of the crops insured under the WFRP policy will also be insured under another FCIC plan of insurance.

### B. Coverage Level Reductions

The AIP must reduce the insured's coverage level when the insured does not:

- (1) qualify for the coverage level they selected; or

## 44 Allowable Revenue and Allowable Revenue Worksheet (Continued)

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### D. Excluded Revenue (continued)

- (j) CCC loans and CCC loans forfeited;
- (2) All of the following must also be excluded from the allowable revenue in each year of the whole-farm history period and expected revenue for the insurance year. However, all of the following are included in revenue-to-count for claims:
  - (a) Net gain from commodity hedges;
  - (b) Value assigned for uninsured cause of loss or abandoned acreage;
  - (c) Accrual adjustments for beginning and ending accounts receivables and inventories; and
  - \*\*\* (d) Crop insurance indemnities, prevented planting payments from other FCIC policies, replant payments, and any other federal government program that does not allow multiple benefits;

**Example:** Insured A has apples insured under WFRP and under a FCIC yield based apple policy. Any indemnity under the yield based apple policy is not included in the allowable revenue however, it is included in revenue-to-count for WFRP.

## 45 Allowable Expenses and Allowable Expense Worksheet

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### A. When to Submit

On or before the SCD, an Allowable Expense Worksheet must be completed for each year in the whole-farm history period. See exhibits 5 and 14 for required elements with descriptions and examples of the Allowable Expense Worksheet.

### B. Allowable Expenses

Expenses are used under this policy only to adjust the insured revenue downwards if expenses during the insured year are not equal to at least 70 percent of the approved expenses.

The AIP must not accept any expense amount or an adjustment to the expense amount if the amount reported for WFRP purposes cannot be verified through the use of supporting records.

- (1) Allowable expenses will be listed on the Allowable Expense Worksheet and for WFRP purposes will be limited to the following expenses:
  - (a) the cost or basis of animals and other commodities you bought for resale;
  - (b) car and truck expenses;

**B. Allowable Expenses (continued)**

- (c) chemicals;
  - (d) conservation expenses;
  - (e) custom hire (machine work);
  - (f) depreciation and IRS Section 179 expense deduction not claimed elsewhere (include on the amount of depreciation allowed for animals);
  - (g) feed purchased;
  - (h) fertilizers and lime;
  - (i) freight and trucking;
  - (j) gasoline, fuel, and oil;
  - (k) insurance (other than health);
  - (l) labor hired (less employment credits) exclude shareholder wages, if reported on the corresponding line of the Schedule F;
  - (m) repairs and maintenance;
  - (n) seeds and plants purchased;
  - (o) storage and warehousing;
  - (p) supplies purchased (exclude those used in post-production operations) see subparagraph C below;
  - (q) utilities;
  - (r) veterinary, breeding, and medicine; and
  - (s) other farm expenses (include only those related to the production of commodities allowed for reporting by the IRS).
- (2) Allowable expenses do not include expenses for commodities in which the insured does not have an insurable interest.

**C. Excluded Expenses**

Exclude any expenses associated with post-production operations (except do not exclude expenses that are considered market readiness expenses) from the allowable lines of the farm tax forms



## 47 Intended Farm Operation Report (Continued)

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### E. Separate Line Items and Data Reporting (continued)

- (5) Divide the result of (3) by the result of (4) to determine the Yield per Unit (round the result to one decimal).

Example: Sum of Total Expected Revenues: \$5,340 (\$4,200 + \$1,140)  
Sum of Intended Quantities: 10.0 acres (7.0 + 3.0)  
Reported Expected Revenue: \$534 (\$5,340 ÷ 10.0)  
Weighted Average of Expected Values: \$162 (((\$150 x 7 ac) + (\$190 x 2 ac))/10 ac)  
Reported Yield per Unit: 3.3 ac (\$534 ÷ \$162)

The data transmitted to RMA processing system would be as follows:

Intended							
6. Commodity Name/Code	7. Method of Establishment	8. Yield per Unit	9. Expected Value per Unit	10. Expected Revenue (8x9)	11A. Intended Quantity	11B. Cost/Basis and/or Value	11C. Total Expected Revenue (10x11A) – 11B
Onions/xxx	Summarized	3.3 tons	\$162.00/ton	\$534	10.0 acres		\$5,340

### F. Conditions and Changes Affecting Approved Revenue

Any condition or change on the farm that has occurred since the Whole-Farm history period must be reported on the Farm Operation Report. Such conditions and changes include, but are not limited to:

- (1) change in the size of the farm operation;
- (2) removal or planting of perennial crops/trees;
- (3) land renovations, such as bog renovation;
- (4) changes in farming practices, including organic transitional or organic;
- (5) changes in farm management or accounting methods;
- (6) change in tax year;
- (7) change in person type, such as changing from a partnership to a corporation;
- (8) change in the commodities produced or purchased for resale;
- (9) change in the share of commodities produced or purchased for resale;
- (10) changing marketing methods or markets, such as wholesale, retail, or direct; and
- (11) damage to perennial crops occurring prior to beginning of the insurance year.

Any of the above changes could result in changes to the expected revenue for the insurance year and must be reflected on the Farm Operation Report.

## 48 Revised Farm Operation Report

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### A. When to Submit

A revised Farm Operation Report must be submitted during the insurance year, similar to an acreage report, to reflect the activities that actually occurred on the farm. The Revised Farm Operation Report is due:

**A. When to Submit (continued)**

- (1) No later than July 15 of the insurance year if the insured is a calendar or early fiscal year filer;
- (2) The last day of the month in which the insured's fiscal year begins, but no later than October 31 if the insured is a late fiscal year filer; or
- (3) Within 30 days of the insured making changes to the commodities grown on the farm or purchased for resale after the Revised Farm Operation Report is completed. The Revised Farm Operation Report may only be revised later, with AIP approval and must exclude any changes to revenue resulting from a covered cause of loss.

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**B. Purpose**

The purpose of a Revised Farm Operation Report is to report information about changes to the farm operation after the Farm Operation Report was initially submitted. The revised Farm Operation Report must include:

- (1) commodities that were actually planted or purchased for resale;
- (2) commodities that were intended to be produced or purchased for resale but will not be produced or purchased for resale, such as in the case of prevented planting, and the reason they were not produced or purchased for resale;
- (3) commodities produced or purchased for resale that were not intended to be produced or purchased for resale when the Farm Operation Report was initially submitted;
- (4) damaged commodities, and the reason for the damage;
- (5) commodities produced to replace commodities damaged or prevented from being produced; and
- (6) any circumstances that will affect the expected revenue, including, but not limited to, a renegotiated price with a buyer or changes in production or irrigation practices.

See exhibit 10 for an example of the Farm Operation Report that includes the Intended, Revised, and Final sections.

**105 Damage and Price Fluctuation That Occurred in the Year Prior to the Insurance Year  
Continued)**

**B. Carryover Insureds**

There is no lapse in WFRP coverage between the previous insurance year and the current insurance year for carryover insureds, provided all requirements are met. Loss of revenue in the current insurance year resulting from damage to insured commodities or price fluctuations from unavoidable natural causes that occurred in the previous insurance year are covered if all other WFRP requirements are met, including GFPs.

However, any revenue lost because of damage or price fluctuations will only be covered the year immediately following the insurance year when the loss occurred and will not be covered for subsequent years.

**Example:** Producer A’s perennial crop suffered ice damage during the winter of 2015 that will cause a loss of revenue from the crop in 2016. The damage did not affect 2015 revenue. Producer A was insured under WFRP for 2015, will continue coverage in 2016, and met all WFRP requirements, including GFPs. The total amount of revenue expected for the perennial crop before the ice damage may be reported as expected revenue on the 2016 Farm Operation Report. However, beginning with the 2017 insurance year, any loss of revenue from the ice damage that occurred in 2015 will not be covered. The expected revenue reported for the perennial crop in 2017 and subsequent insurance years must not include any amount that was lost because of the 2015 ice damage.

**106 Revenue-to-Count**

Revenue-to-count is the allowable revenue produced successfully in the insurance year. It also includes revenue amounts determined to be produced by the inventory adjustments, accounts receivable adjustments, revenue representing any uninsurable losses, value assigned for \*\*\* abandoned commodities, indemnities from other crop insurance policies, and gains from commodity hedging.

The following table provides the steps for calculating revenue-to-count.

<b>Step</b>	<b>Action</b>	<b>Applicable Procedure Reference</b>
1	Determine insured’s allowable revenue for the insurance year.	Paragraph 44
2	Adjust the allowable revenue determined in step one, if applicable.	Paragraph 103
3	Adjust the allowable revenue determined in step two by adding or subtracting, as applicable, required adjustments for accounts receivable.	Paragraph 101B
4	Adjust the allowable revenue determined in step three by adding or subtracting, as applicable, required adjustments on Inventory Report for commodities not held to realize a gain.	Paragraph 101C

## 106 Revenue-to-Count (Continued)

Step	Action	Applicable Procedure Reference
5	Adjust the allowable revenue determined in step four by adding or subtracting, as applicable, required adjustments on the Market Animals and Nursery Inventory Report for commodities held to realize a gain.	Paragraphs 143 and 144 for animals and nursery commodities
6	Add all values assigned for uninsured causes of loss to the allowable revenue determined in step five.	Paragraph 44
7	Add the value assigned to abandoned acreage/commodities to the allowable revenue determined in step six.	Paragraph 44
8	Add any gain from commodity hedging to the allowable revenue determined in step seven.	Paragraph 44
9 ***	<p>Add the total of all crop insurance indemnity payments covering commodities insured under WFRP, except for NAP payments and indemnities paid by another policy for damage or loss to a commodity that is not covered by WFRP (timber, animals for show, or pasture or rangeland insured under the Rainfall Index or Vegetation Index policies), and any other Federal program payments to the allowable revenue determined in step eight.</p> <p>Do not include indemnity payments for commodities that are not insured under the insured's WFRP policy.</p> <p><b>Example 1:</b> Insured A has apples insured under WFRP and under a FCIC yield based apple policy. Any indemnity under the apple policy is included in the revenue-to-count for WFRP.</p>	Paragraph 44

## 107 Indemnities

### A. Claim for Indemnity

- (1) No indemnity will be paid if a claim for indemnity declaring the amount of loss is not submitted on or before the following dates:
  - (a) No later than 60 days after the original date the insured's farm tax forms for the insurance year must be provided to the IRS, as specified by the IRS.
  - (b) The first day of the 7<sup>th</sup> month after the end of the insurance year unless an extension for filing a Federal tax return was filed; and
  - (c) If an extension for filing a Federal tax return was filed the insured must provide claim information based on taxes filed no later than 60 days after the date shown in the extension and provide the AIP a copy of the:
    - (i) request for Federal tax filing extension;

**Form Standards (Continued)**

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**H. Inventory report (Continued)**

“I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).”

The Inventory Report form must include:

- (1) Collection of Information and Data (Privacy Act) Statement;
- (2) Nondiscrimination Statement; and
- (3) AIP Name and Address.

**I. Accounts Receivable and Accounts Payable Report**

The AIPs are responsible for developing the Accounts Receivable and Accounts Payable Report form. The Accounts Receivable and Accounts Payable Report must be titled “ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE REPORT.” The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 8 for the Accounts Receivable and Accounts Payable Report required elements and example.

In place of the certification statement in DSSH, the Inventory and Accounts Receivable Report must include the following certification statement immediately above the applicant/insured signature.

“I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).”

The **Accounts Receivable and Accounts Payable Report** must include:

- (1) Collection of Information and Data (Privacy Act) Statement;
- (2) Nondiscrimination Statement; and
- (3) AIP Name and Address.

**Form Standards (Continued)**

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**J. Market Animal and Nursery Inventory Report**

AIPs are responsible for developing the “Market Animal and Nursery Inventory Report” form. If a farm has animals or nursery, this form will be used in addition to the Inventory and Accounts Receivable form to handle the inventory for the animals and nursery. The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 9 for the Market Animal and Nursery Inventory Report required elements and example.

If applicable, beginning and ending inventories are necessary to determine the revenue to count for animals and nursery plants marketed during the insurance year on an accrual basis. A complete inventory of breeding and market animals and nursery stock must be maintained; however, it is recommended that separate inventories be maintained for breeding and for market animals. The breeding inventory is used to support the number of (inventory) market animals and to document culled breeding animals transferred from the breeding category to the market category and sold during the insurance year. Breeding animals produced on the farm or purchased as assets are accounted for using breeding animal inventories. Changes in the value of inventoried breeding animals that are not intended for market should not affect revenue to count for the insurance year. When applicable, a complete beginning inventory for animals that will be marketed, including breeding animals transferred to the market category, (Part 2 of the Market Animal and Nursery Inventory Report) must be provided to the AIP at SCD for calendar and early fiscal filers, or no later than the last day of the month in which the tax year begins for late fiscal year filers.

An ending inventory (Part 3 of the report) must also be completed if an indemnity is to be claimed. Part 4, calculates the revenue to count for claim purposes using increases or decreases in inventory values during the insurance year. The cost or basis for animals purchased for resale that are sold during the tax year are transferred to the Schedule F (line 2 cash or line 47 accrual accounting) and must be removed from the beginning inventory prior to making inventory adjustments on the claim. Animals must be grouped according to the type/category corresponding to how they will be marketed to accurately value them. Local market value is determined at the beginning of the insurance year for beginning inventories, and for ending inventories at the end of the insurance year for each applicable type/category.

If animals are marketed in pounds, gross inventory values will be determined by multiplying the number of animals X the average lbs. per animal for the type/category X applicable value/price per lb.

For animals sold individually (by the head/animal), inventory values will be measured by multiplying the number of animals/livestock X the average value/price per animal for the type/category.

Complete the beginning inventory (breeding animal inventory and market animal inventory for each applicable type/category of animals on hand at the beginning of the insurance year. Complete the ending inventory for animals that are on hand at the end of the insurance year. Include on the breeding animal inventory animals/livestock from which income is accounted for as gains or losses on Schedule D (Form 1040), Form 4797 (animals held for breeding, dairy purposes, or not held primarily for sale), or is depreciated on Form 4799.

**Form Standards (Continued)**

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**J. Market Animal and Nursery Inventory Report (continued)**

In place of the certification statement in DSSH, the Market Animal and Nursery Inventory Report must include the following certification statement immediately above the applicant/insured signature.

“I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited, and used to determine my loss, if any, for the policy listed above. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).”

The Market Animal and Nursery Inventory Report must include:

- (1) Collection of Information and Data (Privacy Act) Statement;
- (2) Nondiscrimination Statement; and
- (3) AIP Name and Address.

**K. Farm Operation Report**

The AIPs are responsible for developing the Farm Operation Report form. The Farm Operation Report must be titled “FARM OPERATION REPORT”. The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 10 for the Farm Operation Report required elements and example.

In place of the certification statement in the DSSH, the Farm Operation Report must include the following certification statement immediately above the applicant/insured signature.

“I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand that changes to intended commodities grown will result in changes to the insured revenue, premium rate, and indemnity. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of approved revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).”

The Farm Operation Report must include:

- (1) Collection of Information and Data (Privacy Act) Statement;
- (2) Nondiscrimination Statement; and
- (3) AIP Name and Address.

**Form Standards (Continued)**

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**L. Replant Payment Worksheet**

The AIPs are responsible for developing the Replant Payment Worksheet form. The Replant Payment Worksheet must be titled “REPLANT PAYMENT WORKSHEET.” The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 11 for the Replant Payment Worksheet required elements and example.

In place of the certification statement in DSSH, the Replant Payment Worksheet must include the following certification statement immediately above the applicant/insured signature.

“I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).”

The Replant Payment Worksheet form must include:

- (1) Collection of Information and Data (Privacy Act) Statement;
- (2) Nondiscrimination Statement; and
- (3) AIP Name and Address.

**M. Substitute Schedule F**

The Substitute Schedule F is a required document used to document an applicant’s/insured’s farm income and expenses for each year the applicant/insured did not file a Schedule F with the IRS. This form is used in the same manner as the Schedule F. The Substitute Schedule F is the current year Schedule F used by the IRS and must be titled “SUBSTITUTE SCHEDULE F FOR WFRP PURPOSES.” See exhibit 13 for the Substitute Schedule F required elements and example.

In place of the certification statement in DSSH, the Substitute Schedule F must include the following certification statement immediately above the applicant/insured signature.

“I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).”



**Form Standards (Continued)**

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The Substitutes Schedule F must include:

- (1) Collection of Information and Data (Privacy Act) Statement;
- (2) Nondiscrimination Statement; and
- (3) AIP Name and Address

**N. Allowable Expenses Worksheet**

The Allowable Expenses Worksheet is a required worksheet the AIPs must use to determine an applicant's/insured's allowable expenses for each year in the whole-farm history period, and for the insurance year when determining an indemnity amount. The worksheet assists in identifying and documenting required adjustments to applicant's/insured's tax reported expenses. The Allowable Expenses Worksheet must be titled "ALLOWABLE EXPENSES WORKSHEET." See exhibit 14 for the Allowable Expenses Worksheet required elements and example.

In place of the certification statement in DSSH, the Allowable Expenses worksheet must include the following certification statement immediately above the applicant/insured signature.

"I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes)."

The Allowable Expense Worksheet must include:

- (1) Collection of Information and Data (Privacy Act) Statement;
- (2) Nondiscrimination Statement; and
- (3) AIP Name and Address

**O. Allowable Revenue Worksheet**

The Allowable Revenue Worksheet is a required worksheet that the AIPs must use to determine an applicant's/insured's allowable revenue for each year in the whole-farm history period. The worksheet assists in identifying and documenting required adjustments to the applicant's/insured's tax reported revenue. The worksheet does not determine allowable revenue for claims purposes. The Allowable Revenue Worksheet must be titled "ALLOWABLE REVENUE WORKSHEET." See exhibit 15 for the Allowable Revenue Worksheet required elements and example.

In place of the certification statement in DSSH, the Allowable Revenue Worksheet must include the following certification statement immediately above the applicant/insured signature.

**Form Standards (Continued)**

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**O. Allowable Revenue Worksheet (continued)**

“I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).”

The Allowable Revenue Worksheet must include:

- (1) Collection of Information and Data (Privacy Act) Statement;
- (2) Nondiscrimination Statement; and
- (3) AIP Name and Address

**P. Claim for Indemnity Report**

The AIPs are responsible for developing the Claim for Indemnity Report. The Claim for Indemnity Report must be titled “CLAIM FOR INDEMNITY Report”. The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 16 for the Claim for Indemnity Report required elements and example.

In place of the certification statement in DSSH, the Claim for Indemnity Report must include the following certification statement immediately above the applicant/insured signature.

“I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited, and used to determine my loss, if any, for the policy listed above. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).”

The Claim for Indemnity Report must include:

- (1) Collection of Information and Data (Privacy Act) Statement;
- (2) Nondiscrimination Statement; and
- (3) AIP Name and Address.

## Accounts Receivable and Accounts Payable Report Elements Description and Example

### A. Required Elements Description

The following table provides descriptions of the Accounts Receivable and Accounts Payable Report required elements

<b>Part 1 – Producer Information</b>		
<b>Item</b>	<b>Required Element</b>	<b>Description</b>
1.	Name	The name of the applicant/insured.  The applicant/insured must be the same person and person type as the person designated on the United States Income Tax form(s).
2.	Policy Number	The insured's assigned policy number.
3.	Insurance Year:	The current insurance year. Includes beginning and ending month of fiscal year if applicant/insured filed Federal tax on fiscal year basis.
4.	Agency Information:	The name, address, telephone number, and code number of the agent that provides insurance service to the insured.
<b>ACCOUNTS RECEIVABLE</b>		
5.	Commodity Name	Name of insured commodity sold at a specified price but which full payment has not been received at the beginning or ending of the insurance year, regardless of the location of the commodity.  <b>Example:</b> Insured had sold and delivered 100 pounds of cucumbers to CA Processor Inc. for \$0.10 per pound. However, at the beginning of the insurance year, insured has not received full payment for the commodity. The cucumbers are included in item 5 even though they were delivered because full payment has not been received.
6.	Name and Address of Buyer	Name of buyer for each commodity in item 5.
7.	Beginning Amount (Dollars)	Total dollar amount receivable for each insured commodity in item 5 that have been sold at a specified price but which full payment has not been received at the beginning of the insurance year, regardless of the location of the commodity.  <b>Important:</b> Verifiable records supporting the amount must be provided. Verifiable records must be provided for each commodity for which full payment has not been received, and must include the location of each commodity, the name and address of the buyer, and the specific price per unit of measure, such as bushels, pounds, tons, and boxes.....

**Accounts Receivable and Accounts Payable Report Elements Description and Example**  
**(Continued)**

**A. Required Elements Description (Continued)**

Item	Required Element	Description
7.	Beginning Amount (Dollars) (continued)	<p><b>Example:</b> Insured had sold and delivered 100 pounds of cucumbers to CA Processor Inc. for \$0.10 per pound and 100 pounds of apples to WA Processor Inc. for \$0.12 per pound. However, at the beginning of the insurance year, insured has not received full payment for either commodity. Insured would report \$10.00 in item 7 as the amount receivable for cucumbers and \$12.00 in item 7 as the amount receivable for apple. Insured would have to provide verifiable records indicating the amount of cucumbers and apples sold, the specific price per pound for each and the name and address of each processor.</p>
8.	Ending Amount (Dollars)	<p>Total dollar amount receivable for each insured commodity in item 5 that have been sold at a specified price but which full payment has not been received at the end of the insurance year, regardless of the location of the commodity.</p> <p><b>Important:</b> Verifiable records supporting the amount must be provided. Verifiable records must be provided for each commodity for which full payment has not been received, and must include the location of each commodity, the name and address of the buyer, and the specific price per unit of measure, such as bushels, pounds, tons, and boxes.</p> <p><b>Example:</b> Insured produced and sold 1,000 bushels of corn during the insurance year. The corn was sold to the ABC Elevator for \$4.00 per bushel. However, at the end of the insurance year, insured has not received full payment for the corn. Insured would report \$4000.00 in item 8 as the amount receivable for corn. Insured would have to provide verifiable records indicating the amount of corn sold, the specific price per bushel and the name and address of the elevator.</p> <p>The ending amount for the current insurance year becomes the beginning amount for the subsequent insurance year.</p>
9.	Balance (8 - 7)	The change in accounts receivable for each commodity in item 5. For each commodity, subtract the beginning amount (item 7) from the ending amount (item 8). The result can be positive or negative.
10.	Total Accounts Receivable Adjustments to Claim (Dollars)	Total change in accounts receivable from all insured commodities. Sum the result of item 9 for each commodity. The result can be positive or negative. Round to the nearest whole dollar.

**Accounts Receivable and Accounts Payable Report Elements Description and Example**  
**(Continued)**

**A. Required Elements Description (Continued)**

<b>ACCOUNTS PAYABLE</b>		
<b>Item</b>	<b>Required Element</b>	<b>Description</b>
11.	Commodity Name	Name of insured commodity for which expenses have not been paid at the beginning of the insurance year, regardless of the location of the commodity.
12.	Name and Address of Creditor	Name of Creditor for each commodity in item 11.
13.	Beginning Amount (Dollars)	Total dollar amount payable for each insured commodity in item 11 that have unpaid expenses at the beginning of the insurance year, regardless of the location of the commodity.  <b>Important:</b> Verifiable records supporting the amount must be provided. Verifiable records must be provided for each commodity for which there are unpaid expenses, and must include the location of each commodity, the name and address of the creditor.
14.	Ending Amount (Dollars)	Total dollar amount payable for each insured commodity in item 11 that have unpaid expenses at the end of the insurance year, regardless of the location of the commodity.  <b>Important:</b> Verifiable records supporting the amount must be provided. Verifiable records must be provided for each commodity for which there are unpaid expenses, and must include the location of each commodity, the name and address of the creditor.  <b>Example:</b> The ending amount for the current insurance year becomes the beginning amount for the subsequent insurance year.
15.	Balance (14-13)	The change in accounts payable for each commodity in item 11. For each commodity, subtract the beginning amount (item 13) from the ending amount (item 14). The result can be positive or negative.
16.	Total Accounts Payable Adjustments to Claim (Dollars)	Total change in accounts payable from all insured commodities. Sum the result of item 11 for each commodity. The result can be positive or negative. Round to the nearest whole dollar. This entry will be transferred to item 13 on the Allowable Expense Report.
<b>The following required entries are not illustrated on the Accounts Receivable and Accounts Payable Report example below.</b>		
17.	Applicant/Insured Signature and Date	Applicant/Insured signature and date.
18.	AIP Representative Signature and Date	AIP representative signature and date.

See exhibit 5 for required certification and other statements.

**Accounts Receivable and Accounts Payable Report Elements Description and Example (Continued)**

**B. Example Accounts Receivable and Accounts Payable Report Form**

The following is provided as an example only. AIPs must develop an Accounts Receivable and Accounts Payable Report using the required elements and statements.

<i>ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE REPORT</i>				
<b>PART 1 - PRODUCER INFORMATION</b>				
<i>1. NAME</i>		<i>2. POLICY NUMBER</i>	<i>3. INSURANCE YEAR</i>	<i>4. AGENCY INFORMATION</i>
<i>I.M. INSURED</i>		<i>XXXXXXXXXX</i>	<i>YYYY</i>	<i>I.R. AGENT XXXXX</i>
<b>PART 2. ACCOUNTS RECEIVABLE</b>				
<i>5. Commodity Name</i>	<i>6. Name and Address of Buyer</i>	<i>7. Beginning Amount</i>	<i>8. Ending Amount</i>	<i>9. Balance (8 - 7)</i>
			<i>10. Total Accounts Receivable Adjustments to Claim</i>	
<b>PART 3. ACCOUNTS PAYABLE</b>				
<i>11. Commodity Name</i>	<i>12. Name and Address of Creditor</i>	<i>13. Beginning Amount</i>	<i>14. Ending Amount</i>	<i>15. Balance (14-13)</i>
			<i>16. Total Accounts Receivable Adjustments to Claim</i>	



**Farm Operation Report Elements Description and Example**

**A. Required Elements Description**

The following table provides descriptions of the Farm Operation Report form required elements.

Item	Required Element	Description
1.	Insurance Year:	The current insurance year. Indicate whether the applicant is a fiscal year filer and, if they are, include the beginning month and year of the fiscal year and the ending month and year of the fiscal year.
2.	Producer Information:	<p>Name, address, telephone number, and tax ID, such as social security number or employer identification number for the applicant/insured. Also includes the person type the applicant/insured used to file their Federal income taxes.</p> <p>The applicant/insured must be the same person and person type as the person designated on the United States Federal Income Tax form(s).</p>
3.	Agency Information:	Name, address, telephone number, code number of the agent and policy number.
4.	State/County:	Pilot state and county where the majority of the total expected revenue for the insurance year will be derived. It can be any pilot county in which the applicant/insured has established or intends to establish any commodity. However, the same state and county must appear on all the applicant's/insured's WFRP reports that require a state/county.
5.	Other Insurance:	Commodities and corresponding policy numbers by state and county on which other Federally reinsured insurance is in force for commodities to be insured under WFRP.
<b>Intended</b>		
6.	Commodity Name/Code	<p>Intended: Name and code of each commodity that is or will be purchased for resale or produced for revenue during the insurance year. Place “PFR” immediately behind the commodity name for commodities purchased for resale; e.g. Mums/0683 PFR.</p> <p>Revised: List any additional commodities purchased for resale or produced for revenue.</p> <p>Each different commodity must be on a separate line:</p> <p>(1) When a commodity has significantly different values (refer to paragraph 47E); multiple amounts or values, list them on an attached paper and sum the total in one amount.</p> <p>(2) When a commodity is produced on Native Sod.</p>



**Farm Operation Report Elements Description and Example (Continued)**

**B. Farm Operation report Form Example**

The following is provided as an example only. AIPs must develop a Farm Operations Report using the required elements and statements.

FARM OPERATION REPORT														
1. Insurance Year: 2015		2. Producer Information: I.M. Insured      Person Type: Individual Anytown, USA, 11111 Phone: 999.999.9999      SSN: xxx.xx.xxxx				3. Agency Information: I.M. Agent      Policy: xxxx Anytown, USA 11111 Phone: 111.111.1111			Agent Code: XX		4. State/County: Michigan/Vanburen		5. Other Insurance: 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	13A. Final Total Production	13B. Final Revenue		
Corn/0041	Acres	150 bu.	\$5.00/bu.	\$750.00/ac.	125 ac.		\$93,750	125 ac.		\$88,750	75 ac.	\$56,250		
Mums/0073	Plants	1 Plant	\$10.00/plant	\$10.00/plant	1000 plants	\$1,000	\$9,000	1000 plants	\$1,000	\$9,000	200 plants	\$1,800		
Geraniums/0073	Plants	1 Plant	\$10.00/plant	\$10.00/plant	1000 plants	\$1,000	\$9,000	1000 plants	\$1,000	\$9,000	1000 plants	\$9000		
Hogs/0804	Head	225 lbs.	\$1.00/lbs.	\$225.00/head	250 head	\$6,250	\$50,000	250 head	\$6,250	\$50,000	125 head	\$25,000		
Soybeans/0081	Acres	50 bu.	\$10.00/bu.					10 ac.		\$5,000	10 ac.	\$5,000		
14. Total At SCD							\$161,750							
15. Total										\$161,750		\$97,050		
16. Total Expected Revenue @ SCD (Total of Item 14 and 15 @ SCD)							\$161,750							
17. Whole-Farm Historic Average Revenue (Item 13 of WFHR)							\$184,200							
18. Total Expected Revenue @ Revised Reporting Date (Item 15)										\$161,750				
19. Approved Revenue (Lesser of item 16 and 17 @ SCD or item 17 and 18 @ RRD)						19a	\$161,750		19b	\$161,750				
20. Approved Expenses						20a	\$107,765		20b	\$107,765				
21. Narrative, Expected Values, and Report of Changes: Mums - Item 11B and 12B entry is the net value from item 11 on the Market Animal and Nursery Inventory Report. Item 13A and 13B 800 plants lost due to uninsured cause of loss. \$7200 adjustment must be made to Claim for Indemnity Form if completed. Geraniums - Item 11B and 12B entry is the total cost (\$1.00/plant x 1000 plants). Swine - Item 11B and 12B entry is the net value from item 11 on the Market Animal and Nursery Inventory Report. Item 13A and 13B 125 head lost to insured cause of loss (facilities destroyed by adverse weather). Corn - 125 acres intended. 75 ac. planted, and 50 ac PP. 10 ac of the PP acres were planted to soybeans. Calculated: \$93,750 (corn) - \$5,000 (soybeans) = \$88,750 (corn) Soybeans – 10 ac planted to replace corn that was prevented from planting.														
22. Integrated/Post-production Operations: ( ) YES or (x) NO See Special Circumstances in Section 6.														

## Replant Payment Worksheet Elements Description and Example

### A. Required Elements Description

The following table provides descriptions of the Replant Payment Worksheet required elements.

Item	Required Element	Description
1.	Insurance Year:	The current insurance year. Includes beginning and ending month of fiscal year if applicant/insured filed Federal tax on fiscal year basis.
2.	State/County:	Pilot state and county where the majority of the total expected revenue for the insurance year will be derived. It can be any pilot county in which the applicant/insured has established or intends to establish any commodity. However, the same state and county must appear on all the applicant's/insured's WFRP reports that require a state/county.
3.	Policy Number:	Policy number for which payment is being calculated.
4.	Claim Number:	Claim Number assigned by AIP.
5.	Insured Information:	Name, address, telephone number, and tax ID, such as social security number or employer identification number for the insured. Also includes the person type the insured used to file their Federal taxes.  The insured must be the same person and person type as the person designated on the United States Income Tax form(s).
6.	Agency Information	Name, address, telephone number and code number of the agent. Include policy number.
7.	Companion Policy(s)	List of producers, other than the insured, that have WFRP coverage on any of the commodities covered under the insured's policy.  Enter "NONE" when the insured has 100 percent share in all commodities insured under their WFRP policy, or when all other producers with an interest in the commodities do not have a WFRP policy.
8.	Date of Damage:	Month and year in which most of the damage causing a loss in revenue occurred. Enter the specific date of damage when known, such as damage from hail, fire or flood.
9.	Cause of Damage:	Event(s) that caused the damage resulting in loss of revenue. Cause must be an insurable cause of loss. List all insurable causes that created damage. Describe cause of loss in narrative, item 20, if additional space is required.
10.	Primary Cause (%):	Percentage of the primary cause of the damage, when more than one insurable cause created the damage. Must be whole percent and exceed 50 percent.
11.	Dates of Notice:	Date(s) insured provided notice of loss.
12.	Commodity Name/Code	Name and code number of the commodity replanted
13.	Determined Acres Replanted	Number of acres of the commodity the AIP determines were actually replanted, and that the AIP agreed were practical to replant and gave consent to replant.

Schedule F Example

Example of Completed Schedule F Form:

SCHEDULE F (Form 1040)		Profit or Loss From Farming		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B. ▶ Information about Schedule F and its separate instructions is at <a href="http://www.irs.gov/schedulef">www.irs.gov/schedulef</a> .		2013 Attachment Sequence No. 14	
Name of proprietor		Social security number (SSN)		000-00-0000	
I.M. INSURED		B Enter code from Part IV		C Accounting method:	
A Principal crop or activity		▶ 1 1 1 1 0 0		<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual	
D Employer ID number (EIN), (see instr)					
GRAIN FARMING					
E Did you "materially participate" in the operation of this business during 2013? If "No," see instructions for limit on passive losses				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
F Did you make any payments in 2013 that would require you to file Form(s) 1099 (see instructions)?				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
G If "Yes," did you or will you file required Forms 1099?				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Part I Farm Income—Cash Method.</b> Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 9.)					
1a	Sales of livestock and other resale items (see instructions)	1a			
b	Cost or other basis of livestock or other items reported on line 1a	1b			
c	Subtract line 1b from line 1a			1c	00
2	Sales of livestock, produce, grains, and other products you raised			2	97,400 00
3a	Cooperative distributions (Form(s) 1099-PATR)	3a	3,800 00	3b Taxable amount	3b 3,800 00
4a	Agricultural program payments (see instructions)	4a	18,200 00	4b Taxable amount	4b 18,200 00
5a	Commodity Credit Corporation (CCC) loans reported under election			5a	0 00
b	CCC loans forfeited	5b	0 00	5c Taxable amount	5c 0 00
6	Crop insurance proceeds and federal crop disaster payments (see instructions)				
a	Amount received in 2013	6a	31,875 00	6b Taxable amount	6b 31,875 00
c	If election to defer to 2014 is attached, check here <input type="checkbox"/>	6d	Amount deferred from 2012	6d	0 00
7	Custom hire (machine work) income			7	5,000 00
8	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)			8	4,600 00
9	<b>Gross income.</b> Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50 (see instructions)			9	160,875 00
<b>Part II Farm Expenses—Cash and Accrual Method.</b> Do not include personal or living expenses (see instructions).					
10	Car and truck expenses (see instructions). Also attach Form 4562	10	3,250 00	23	Pension and profit-sharing plans
11	Chemicals	11	6,520 00	24	Rent or lease (see instructions):
12	Conservation expenses (see instructions)	12	2,640 00	a	Vehicles, machinery, equipment
13	Custom hire (machine work)	13	3,900 00	b	Other (land, animals, etc.)
14	Depreciation and section 179 expense (see instructions)	14	3,500 00	25	Repairs and maintenance
15	Employee benefit programs other than on line 23	15	0 00	26	Seeds and plants
16	Feed	16	15,000 00	27	Storage and warehousing
17	Fertilizers and lime	17	9,200 00	28	Supplies
18	Freight and trucking	18	3,550 00	29	Taxes
19	Gasoline, fuel, and oil	19	9,350 00	30	Utilities
20	Insurance (other than health)	20	3,650 00	31	Veterinary, breeding, and medicine
21	Interest:			32	Other expenses (specify):
a	Mortgage (paid to banks, etc.)	21a	10,000 00	a	Association Membership
b	Other	21b	4,500 00	b	Computer Software
22	Labor hired (less employment credits)	22	10,300 00	c	Legal Fess
				d	
				e	
				f	
33	<b>Total expenses.</b> Add lines 10 through 32f. If line 32f is negative, see instructions			33	129,850 00
34	<b>Net farm profit or (loss).</b> Subtract line 33 from line 9			34	31,025 00
35	Did you receive an applicable subsidy in 2013? (see instructions)				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
36	Check the box that describes your investment in this activity and see instructions for where to report your loss.				
a	<input checked="" type="checkbox"/> All investment is at risk.	b	<input type="checkbox"/> Some investment is not at risk.		

For Paperwork Reduction Act Notice, see the separate instructions.

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Schedule F (Form 1040) 2013

**Schedule F Example (Continued)**

**Example of Completed Schedule F Form (continued)**

Schedule F (Form 1040) 2013

Page **2**

**Part III Farm Income—Accrual Method** (see instructions).

<b>37</b>	Sales of livestock, produce, grains, and other products (see instructions)		<b>37</b>		
<b>38a</b>	Cooperative distributions (Form(s) 1099-PATR)	<b>38a</b>		<b>38b</b>	Taxable amount
<b>39a</b>	Agricultural program payments	<b>39a</b>		<b>39b</b>	Taxable amount
<b>40</b>	Commodity Credit Corporation (CCC) loans:				
<b>a</b>	CCC loans reported under election		<b>40a</b>		
<b>b</b>	CCC loans forfeited	<b>40b</b>		<b>40c</b>	Taxable amount
<b>41</b>	Crop insurance proceeds		<b>41</b>		
<b>42</b>	Custom hire (machine work) income		<b>42</b>		
<b>43</b>	Other income (see instructions)		<b>43</b>		
<b>44</b>	Add amounts in the right column for lines 37 through 43 (lines 37, 38b, 39b, 40a, 40c, 41, 42, and 43)		<b>44</b>		
<b>45</b>	Inventory of livestock, produce, grains, and other products at beginning of the year. Do not include sales reported on Form 4797	<b>45</b>			
<b>46</b>	Cost of livestock, produce, grains, and other products purchased during the year	<b>46</b>			
<b>47</b>	Add lines 45 and 46	<b>47</b>			
<b>48</b>	Inventory of livestock, produce, grains, and other products at end of year	<b>48</b>			
<b>49</b>	Cost of livestock, produce, grains, and other products sold. Subtract line 48 from line 47*		<b>49</b>		
<b>50</b>	<b>Gross income.</b> Subtract line 49 from line 44. Enter the result here and on Part I, line 9		<b>50</b>		

\*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 48 is larger than the amount on line 47, subtract line 47 from line 48. Enter the result on line 49. Add lines 44 and 49. Enter the total on line 50 and on Part I, line 9.

**Part IV Principal Agricultural Activity Codes**



Do not file Schedule F (Form 1040) to report the following.

- Income from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis. Instead file Schedule C (Form 1040) or Schedule C-EZ (Form 1040).
- Income from breeding, raising, or caring for dogs, cats, or other pet animals. Instead file Schedule C (Form 1040) or Schedule C-EZ (Form 1040).
- Sales of livestock held for draft, breeding, sport, or dairy purposes. Instead file Form 4797.

These codes for the Principal Agricultural Activity classify farms by their primary activity to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select the code that best identifies your primary farming activity and enter the six-digit number on line B.

**Crop Production**

- 111100 Oilseed and grain farming
- 111210 Vegetable and melon farming

- 111300 Fruit and tree nut farming
- 111400 Greenhouse, nursery, and floriculture production
- 111900 Other crop farming

**Animal Production**

- 112111 Beef cattle ranching and farming
- 112112 Cattle feedlots
- 112120 Dairy cattle and milk production
- 112210 Hog and pig farming
- 112300 Poultry and egg production
- 112400 Sheep and goat farming
- 112510 Aquaculture
- 112900 Other animal production

**Forestry and Logging**

- 113000 Forestry and logging (including forest nurseries and timber tracts)

Schedule F (Form 1040) 2013

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**Substitute Schedule F Elements Description and Example**

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**A. Use of the Substitute Schedule F**

The Substitute Schedule F is a required worksheet used by entities in the business of farming that do not complete and file a Schedule F. This form is used to document income and expenses for the purpose of WFRP in the same manner as those who file a Schedule F.

**B. Required Elements Description**

The Substitute Schedule F will be completed using the instructions provided by the IRS for the Schedule F.

The following table provides descriptions of the Substitute Schedule F required elements not provided for by the IRS instruction.

Required Element	Description
<b>The following required entries are not illustrated on the Substitute Schedule F example below.</b>	
Insured's Signature and Date:	Insured signature and date.
AIP Representative Signature and Date	AIP representative's signature and date.

**Substitute Schedule F Elements Description and Example (Continued)**

**C. Substitute Schedule F Form Example**

The following is provided as an example only:

**Substitute Schedule F**

<p><b>SCHEDULE F</b> <b>(Form 1040)</b></p> <p>Department of the Treasury Internal Revenue Service (99)</p>	<p><b>Profit or Loss From Farming</b></p> <p>▶ Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B. ▶ Information about Schedule F and its separate instructions is at <a href="http://www.irs.gov/schedulef">www.irs.gov/schedulef</a>.</p>	<p>OMB No. 1545-0074</p> <p><b>2013</b></p> <p>Attachment Sequence No. <b>14</b></p>
Name of proprietor		Social security number (SSN)
I.M. INSURED		000-00-0000
A Principal crop or activity	B Enter code from Part IV	C Accounting method:
GRAIN FARMING	1 1 1 1 1 0 0	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual
D Employer ID number (EIN), (see instr)		
E Did you "materially participate" in the operation of this business during 2013? If "No," see instructions for limit on passive losses		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
F Did you make any payments in 2013 that would require you to file Form(s) 1099 (see instructions)?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
G If "Yes," did you or will you file required Forms 1099?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Part I Farm Income—Cash Method.</b> Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 9.)		
1a Sales of livestock and other resale items (see instructions)	1a	
b Cost or other basis of livestock or other items reported on line 1a	1b	
c Subtract line 1b from line 1a	1c	00
2 Sales of livestock, produce, grains, and other products you raised	2	97,400 00
3a Cooperative distributions (Form(s) 1099-PATR)	3a	3,800 00
3b Taxable amount	3b	3,800 00
4a Agricultural program payments (see instructions)	4a	18,200 00
4b Taxable amount	4b	18,200 00
5a Commodity Credit Corporation (CCC) loans reported under election	5a	0 00
b CCC loans forfeited	5b	0 00
5c Taxable amount	5c	0 00
6 Crop insurance proceeds and federal crop disaster payments (see instructions)		
a Amount received in 2013	6a	31,875 00
6b Taxable amount	6b	31,875 00
b If election to defer to 2014 is attached, check here <input type="checkbox"/>	6d	0 00
7 Custom hire (machine work) income	7	5,000 00
8 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	8	4,600 00
9 <b>Gross income.</b> Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50 (see instructions)	9	160,875 00
<b>Part II Farm Expenses—Cash and Accrual Method.</b> Do not include personal or living expenses (see instructions).		
10 Car and truck expenses (see instructions). Also attach Form 4562	10	3,250 00
11 Chemicals	11	6,520 00
12 Conservation expenses (see instructions)	12	2,640 00
13 Custom hire (machine work)	13	3,900 00
14 Depreciation and section 179 expense (see instructions)	14	3,500 00
15 Employee benefit programs other than on line 23	15	0 00
16 Feed	16	15,000 00
17 Fertilizers and lime	17	9,200 00
18 Freight and trucking	18	3,550 00
19 Gasoline, fuel, and oil	19	9,350 00
20 Insurance (other than health)	20	3,650 00
21 Interest:		
a Mortgage (paid to banks, etc.)	21a	10,000 00
b Other	21b	4,500 00
22 Labor hired (less employment credits)	22	10,300 00
23 Pension and profit-sharing plans	23	0 00
24 Rent or lease (see instructions):		
a Vehicles, machinery, equipment	24a	1,000 00
b Other (land, animals, etc.)	24b	5,750 00
25 Repairs and maintenance	25	5,500 00
26 Seeds and plants	26	10,410 00
27 Storage and warehousing	27	0 00
28 Supplies	28	4,780 00
29 Taxes	29	5,450 00
30 Utilities	30	5,550 00
31 Veterinary, breeding, and medicine	31	4,000 00
32 Other expenses (specify):		
a Association Membership	32a	350 00
b Computer Software	32b	750 00
c Legal Fees	32c	950 00
d	32d	
e	32e	
f	32f	
33 <b>Total expenses.</b> Add lines 10 through 32f. If line 32f is negative, see instructions	33	129,850 00
34 <b>Net farm profit or (loss).</b> Subtract line 33 from line 9	34	31,025 00
If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.		
35 Did you receive an applicable subsidy in 2013? (see instructions)		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
36 Check the box that describes your investment in this activity and see instructions for where to report your loss.		
a <input checked="" type="checkbox"/> All investment is at risk.	b <input type="checkbox"/> Some investment is not at risk.	

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11346H

Schedule F (Form 1040) 2013

**Allowable Expenses Worksheet Elements Description and Example**

**A. Use of Allowable Expenses Worksheet**

The Allowable Expenses Worksheet is a required worksheet AIPs must use in determining an applicant’s/insured’s allowable expenses for each year in the whole-farm history period, and for the insurance year when determining an indemnity amount. The worksheet assists in identifying and documenting required adjustments to the applicant’s/insured’s tax reported expenses.

**B. Information Directly From Schedule F**

Completion of the Allowable Expenses Worksheet requires information taken directly from the applicant’s/insured’s Schedule F tax form. The items to be listed in the required element titled “Schedule F Part II Expenses” on the Allowable Expenses Worksheet are taken directly from the list of farm expenses listed in Part II of the Schedule F tax form. The farm expenses listed on the Schedule F have changed over time and may change in future years. Therefore the items to be listed in the required element titled “Schedule F Part II Expenses” may vary from year to year.

**C. Required Elements Description**

The following table provides descriptions of the required elements for the Allowable Expenses Worksheet.

**Note:** The descriptions provided in the table are based on the 2013 Schedule F form.

Item	Required Elements	Description
1.	Producer Information:	Name, address, and telephone number for the applicant/insured. Also includes the person type the insured used to file their Federal taxes. The applicant/insured must be the same person and person type as the person designated on the United States Income Tax form(s).
2.	Policy Number:	Policy number. Enter “N/A” if no policy number has been assigned to applicant.
3.	State/County:	Pilot state and county where the majority of the total expected revenue for the insurance year will be derived. It can be any pilot county in which the applicant/insured has established or intends to establish any commodity. However, the same state and county must appear on all the applicant’s/insured’s WFRP reports that require a state/county.
4.	Tax Year:	Tax year of the corresponding Schedule F from which the information is being taken.
5.	Adjustment Codes:	Codes to identify specific types of adjustments made to expense amounts listed on applicant’s/insured’s Schedule F. Enter:  (1) “A = Schedule F expenses specifically excluded”; (2) “B = Cost of post-production operations”; (3) “H = Not directly related to production”; and (4) “I = Other”.



**Allowable Expenses Worksheet Elements Description and Example (Continued)****C. Required Elements Description (continued)**

<b>Item</b>	<b>Required Elements</b>	<b>Description</b>
6.	Schedule F Part II Expenses	List of farm expense items taken directly from Part II of the applicant's/insured's Schedule F. Enter the farm expenses listed in Part II of the applicant's/insured's Schedule F for the tax year entered in item 4.
7.	Schedule F Line Number	Line number on the Schedule F for the required entry.
8.	Amount on Schedule F	<p>Dollar amount entered on Schedule F for each farm expense listed in item 6.</p> <p>For each farm expense item listed in item 6, enter the exact dollar amount the applicant/insured entered on their Schedule F for that farm expense. Enter "0" if no dollar amount was entered for the farm expense on the Schedule F.</p>
9.	Expense Adjustment Amount and Code	<p>Dollar amount to be subtracted from the dollar amount in item 8, and the applicable adjustment code from item 5.</p> <p>The following farm expenses reported on the Schedule F must be excluded from allowable expenses for WFRP purposes. Therefore, enter the exact dollar amount the applicant/insured entered on their Schedule F for the following farm expenses. Immediately after the dollar amount, enter adjustment code "(A)".</p> <ol style="list-style-type: none"> <li>(1) Employee benefits program, other than on line 23.</li> <li>(2) Interest: Mortgage and Other.</li> <li>(3) Pension and Profit-sharing plans.</li> <li>(4) Rent or lease: Vehicles, machinery, equipment, and Other (land, animals, etc.).</li> <li>(5) Taxes.</li> </ol> <p>For the farm expense item titled "depreciation and section 179 expense", enter the amount of depreciation for everything other than animals, immediately followed by adjustment code "(I)".</p> <p>For each farm expense item not listed above, enter:</p> <ol style="list-style-type: none"> <li>(1) the amount equal to the post-production costs, immediately followed by adjustment code "(B)", if the amount entered in item 8 includes post-production costs;</li> <li>(2) the amount equal to all indirect expenses, immediately followed by adjustment code "(H)", if the amount entered in item 8 includes any indirect expenses;</li> </ol>

**Allowable Expenses Worksheet Elements Description and Example (Continued)****C. Required Elements Description (continued)**

<b>Item</b>	<b>Required Elements</b>	<b>Description</b>
9.	Expense Adjustment Amount and Code (continued)	(3) the amount equal to all other expenses not allowed to be included in allowable expenses for WFRP purposes according to the WFRP policy, immediately followed by adjustment code “(I)”, if the amount entered in item 8 includes any such expenses; and  (4) “0” if the amount entered in item 8 does not include post-production costs, indirect expenses, or any other expenses not allowed to be included in allowable expenses for WFRP purposes.  Verifiable payroll, processor, or other records must be provided to determine the amount of post-production costs, indirect expense, and other expense to be enter in item 9.
10.	Allowable Expense Per Item	Amount of allowable expense for each farm expense listed in item 6. Determine the amount of allowable expense for each farm expense listed in item 6 by subtracting the amount(s) entered in item 9 from the amount entered in item 8.
11.	Total Schedule F Part II Expenses	Enter the total for:  (1) farm expenses on Schedule F, by summing all amounts in item 8; (2) expense adjustment amount, by summing all amounts in item 9; and (3) allowable expenses per item, by summing all amounts in item 10.
12.	Cost or other basis of livestock or other items reported on line 1a or 37 of the Schedule F	Cost, or other basis, of animals or other items purchased for resale.  <b>For CASH FILERS</b> enter the exact dollar amount the applicant/insured entered in item 1b of Part I, Farm Income, of their Schedule F.  <b>For ACCRUAL FILERS</b> enter the exact dollar amount the applicant/insured entered in item 46 of their Schedule F.
13.	Accounts Payable Adjustment	Enter the amount from item 16 on the Accounts Receivable and Accounts Payable Worksheet
14.	Allowable Expenses for Tax Year	Enter the sum of adding the total for allowable expenses per item (item 11 entry for column 10) plus items 12 and 13.
<b>The following required entries are not illustrated on the Allowable Expenses Worksheet example below.</b>		
15.	Applicant/Insured Signature and Date	Applicant/Insured signature and date:
16.	AIP Representative Signature and Date	Signature of AIP representative that completed the worksheet, and date completed.

See exhibit 5 for required certification and other statements.

**Allowable Expenses Worksheet Elements Description and Example (Continued)**

**D. Allowable Expenses Worksheet Form Example**

The following is an example Allowable Expenses Worksheet using farm expenses from 2013 Schedule F or Substitute Schedule F.

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: Michigan/Vanburen 4. Tax Year: 2013		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	\$3,250	0	\$3,250
Chemicals	11	\$6,520	0	\$6,520
Conservation expenses	12	\$2,640	0	\$2,640
Custom hire	13	\$3,900	0	\$3,900
Depreciation and section 179 expense	14	\$3,500	\$3,500 (I) all depreciation was for other than animals	0
Employee benefit programs other than on line 23	15	0	0	0
Feed	16	\$15,000	0	\$15,000
Fertilizers and lime	17	\$9,200	0	\$9,200
Freight and trucking	18	\$3,550	0	\$3,550
Gasoline, fuel, and oil	19	\$9,350	0	\$9,350
Insurance (other than health)	20	\$3,650	0	\$3,650
Interest: Mortgage and Other	21a + 21b	\$14,500	\$14,500 (A)	0
Labor hired	22	\$10,300	0	\$10,300
Pension and profit-sharing plans	23	0	0	0
Rent or lease: Vehicles, machinery, equipment, and Other (land, animals, etc.)	24a + 24b	\$6,750	\$6,750 (A)	0
Repairs and maintenance	25	\$5,500	0	\$5,500
Seeds and plants	26	\$10,410	0	\$10,410
Storage and warehousing	27	0	0	0
Supplies	28	\$4,780	\$2,500 (B)	\$2,280
Taxes	29	\$5,450	\$5,450 (A)	0
Utilities	30	\$5,550	0	\$5,550
Veterinary, breeding, and medicine	31	\$4,000	0	\$4,000
Other expenses (specify):	32			
Association membership		\$350	0	\$350
Computer/software		\$750	\$750 (H)	0
Legal fees		\$950	\$950 (H)	0
Commodity Grading		0	0	0
11. Total Schedule F Part II Expenses		\$129,850	\$34,400	\$95,450
	12. Cost or other basis of livestock or other items reported on line 1a or 37 of the Schedule F			0
	13. Accounts Payable Adjustment			0
	14. Allowable Expenses for Tax Year			\$95,450

**Allowable Revenue Worksheet Elements Description and Example**

**A. Use of Allowable Revenue Worksheet**

The Allowable Revenue Worksheet is a required worksheet that AIPs must use in determining an applicant’s/insured’s allowable revenue for each year in the whole-farm history period, and for the insurance year when determining an indemnity amount. The worksheet assists in identifying and documenting required adjustments to the applicant’s/insured’s tax reported income.

**B. Information Directly From Schedule F**

Completion of the Allowable Revenue Worksheet requires information taken directly from the applicant’s/insured’s Schedule F tax form. The items to be listed in the required element titled “Schedule F Part I or III Revenue” on the Allowable Revenue Worksheet are taken directly from the list of farm revenue listed in Part I (cash) or Part III (accrual) of the Schedule F tax form. The farm revenue items listed on the Schedule F has changed over time and may change in future years. Therefore the items to be listed in the required element titled “Schedule F Part I or III Revenue” may vary from year to year.

**C. Required Elements Description**

The following table provides descriptions of the required elements for the Allowable Revenue Worksheet.

**Note:** The descriptions provided in the table are based on the 2013 Schedule F form.

Item	Required Elements	Description
1.	Producer Information:	Name, address, and telephone number for the applicant/insured. Also includes the person type the insured used to file their Federal taxes. The applicant/insured must be the same person and person type as the person designated on the United States Income Tax form(s).
2.	Policy Number:	Policy number. Enter “N/A” if no policy number has been assigned to applicant.
3.	State/County:	Pilot state and county where the majority of the total expected revenue for the insurance year will be derived. Any pilot county in which the applicant/insured has established or intends to establish any commodity is allowable. However, the same state and county must appear on all the applicant’s/insured’s WFRP reports that require a state/county.
4.	Tax Year:	Tax year of the corresponding Schedule F from which the information is being taken.
5.	Adjustment Codes:	Codes to identify specific types of adjustments made to revenue amounts listed on applicant’s/insured’s Schedule F. Enter:  (1) “A = Schedule F income specifically excluded”; (2) “B = Cost of post-production operations”; (3) “C = Co-op distributions not directly related”; (4) “G = Net gain from commodity hedges”; (5) “H = Not directly related to production”; and

**Allowable Revenue Worksheet Elements Description and Example**

**C. Required Elements Description (Continued)**

Item	Required Elements	Description
5.	Adjustment Codes: (continued)	(6) "I = Other".
6. ***	Schedule F Part I (cash) or III (accrual) Revenue	List of farm revenue items taken from Part I or Part III of the applicant's/insured's Schedule F.
7.	Schedule F Line Number	Line number on the Schedule F for the required entry.
8.	Amount on Schedule F	<p>Dollar amount entered on Schedule F for each farm revenue item listed in item 6.</p> <p>For farm revenue item "Sales of animals and other resale items, less the cost, or other basis, of such items," enter the dollar amount the applicant/insured entered in item 1c or 37 on their Schedule F.</p> <p><b>Note for Accrual Filers Only:</b> Item 37 of the Schedule F represents the TOTAL amount of revenue received from the sale of animals or other commodities purchased for resale and produced during the insurance year. Revenue from animals or other commodities that were purchased for resale and sold during the insurance year must be determined and, that amount, entered in the line titled "Sales of animals and other resale items, less the cost, or other basis, of such items."</p> <p>For farm revenue item "Sale of livestock, produce, grains, and other products you raised," enter the dollar amount the applicant/insured entered in item 2 or 37 on their Schedule F.</p> <p><b>Note for Accrual Filers Only:</b> Item 37 of the Schedule F represents the TOTAL amount of revenue received from the sale of animals or other commodities purchased of resale and produced during the insurance year. Revenue from animals or other commodities that were produced during the insurance year must be determined and, that amount, entered in the line titled "Sale of livestock, produce, grains, and other products you raised."</p> <p>For farm revenue item "cooperative distributions," enter the taxable amount the applicant/insured entered in item 3b or 38b on their Schedule F. (Include only those amounts directly related to the sale of commodities).</p> <p>For farm revenue item "agricultural program payments," enter the taxable amount the applicant/insured entered in item 4b or 39b on their Schedule F.</p>

## Allowable Revenue Worksheet Elements Description and Example

### C. Required Elements Description (Continued)

Item	Required Elements	Description
8.	Amount on Schedule F (continued)	<p>For farm revenue item “Commodity Credit Corporation (CCC) loans reported under election,” enter the dollar amount the applicant/insured entered in item 5a <b>or 40a</b> of their Schedule F</p> <p>For farm revenue item “CCC loans forfeited,” enter the taxable amount the applicant/insured entered in item 5c <b>or 40c</b> on their Schedule F.</p> <p>For farm revenue item “crop insurance proceeds and federal crop disaster payments”, enter the total of the amounts the applicant/insured entered in items 6b and 6d <b>or 41</b> on their Schedule F.</p> <p>For farm revenue item “Custom hire (machine work) income,” enter the dollar amount the applicant/insured entered in item 7 <b>or 42</b> of their Schedule F.</p> <p>For farm revenue item “Other income, including federal and state gasoline or fuel tax credit or refund,” enter the dollar amount separately for each of the following farm revenue entered in item 8 <b>or 43</b> of their Schedule F.</p> <ol style="list-style-type: none"> <li>(1) Federal and state gasoline or fuel tax credit or refund.</li> <li>(2) Income from bartering.</li> <li>(3) Payments from buyers of commodities for bypassed acreage.</li> <li>(4) Payments from marketing orders.</li> </ol> <p>Enter “0” if no dollar amount was entered for the farm revenue item on the Schedule F.</p>
9.	Revenue Adjustment Amount and Code	<p>Dollar amount to be subtracted from the dollar amount in item 8, and the applicable adjustment code from item 5.</p> <p><b>Note:</b> The following entries are applicable to both CASH and ACCURAL METHODS of filing unless otherwise stated.</p> <p>The following farm revenue reported on the Schedule F must be excluded from allowable revenue for WFRP non-claim purposes. Therefore, enter the exact dollar amount the applicant/insured entered on their Schedule F for the following farm revenue items. Immediately after the dollar amount, enter adjustment code “(A)”.</p> <ol style="list-style-type: none"> <li>(1) Agricultural Program Payments.</li> <li>(2) Crop insurance proceeds and federal crop disaster payments.</li> <li>(3) Custom hire (machine work) income.</li> <li>(4) Commodity Credit Corporation (CCC) loans reported under election.</li> </ol>

**Allowable Revenue Worksheet Elements Description and Example**

**C. Required Elements Description (Continued)**

Item	Required Elements	Description
9.	Revenue Adjustment Amount and Code (continued)	<p>(5) CCC loans forfeited.</p> <p><b>(FOR CASH FILERS)</b> For farm revenue item “sales of animals and other resale items, less the cost, or other basis, of such items”, enter “0” because the Allowable Expenses Worksheet accounts for appropriate adjustments.</p> <p><b>(FOR ACCRUAL FILERS)</b> For farm revenue item “sales of animals and other resale items, less the cost, or other basis, of such items” enter the exact dollar amount the applicant/insured entered in item 46 of their Schedule F, immediately followed by adjustment code “(A)”;</p> <p>For farm revenue item “cooperative distributions”, enter the amount of such distributions that are not directly related to the production of commodities insured under the WFRP policy immediately followed by adjustment code “(C)”.</p> <p>For farm revenue item “other income, including federal and state gasoline or fuel tax credit or refund”, enter the amount equal to the revenue received from federal and state gasoline or fuel tax credits or refunds, immediately followed by an adjustment code “(A)”. Also enter any amount that meets any of the conditions listed below for any other revenue identified in this farm revenue item.</p> <p>For each farm revenue item not listed above, enter the amount equal to:</p> <ul style="list-style-type: none"> <li>(1) the post-production costs, immediately followed by adjustment code “(B)”;</li> <li>(2) all revenue earned from commodities not insurable under WFRP, immediately followed by adjustment code “(I)”;</li> <li>(3) all revenue not directly related to production of commodities, immediately followed by adjustment code “(H)”;</li> <li>(4) the net gain from commodity hedges, immediately followed by adjustment code “G”; and</li> <li>(5) all other revenue not allowed to be included in allowable revenue for WFRP purposes according to the WFRP policy, such a revenue from a contract grower, immediately followed by adjustment code “(I)”.</li> </ul> <p>Enter “0” if the amount entered in item 8 does not include any revenue that must be excluded.</p>

## Allowable Revenue Worksheet Elements Description and Example

### C. Required Elements Description (Continued)

Item	Required Elements	Description
9.	Revenue Adjustment Amount and Code (continued)	Verifiable records must be provided to determine the amount of post-production costs, indirect revenue, revenue from commodities not insurable under WFRP, and other revenue enter in item 9.
10.	Allowable Revenue Per Item	Amount of allowable revenue for each farm revenue item listed in item 6. Determine the amount of allowable revenue for each farm revenue item listed in item 6 by subtracting the amount(s) entered in item 9 from the amount entered in item 8.
11.	Total Schedule F Part I or III Revenue	Enter the total for:  (1) farm revenue on Schedule F, by summing all amounts in item 8; (2) revenue adjustment amount, by summing all amounts in item 9; and (3) allowable revenue per item, by summing all amounts in item 10.
12.	Allowable Revenue for Tax Year	WFRP allowable revenue for the tax year in item 4.  Enter the total for the allowable revenue per item from item 10.
<b>The following required entries are not illustrated on the Allowable Revenue Worksheet example below.</b>		
13.	Applicant/Insured Signature and Date	Applicant/Insured signature and date:
14.	AIP Representative Signature and Date	Signature of AIP representative that completed the worksheet, and date completed.

See exhibit 5 for required certification and other statements.



**Allowable Revenue Worksheet Elements Description and Example (Continued)****D. Allowable Revenue Worksheet Example**

The farm expenses listed on the Schedule F has changed over time and may change in future years. Therefore the items to be listed in the required element titled “Schedule F Part I Income” may vary from year to year. The following example Allowable Revenue Worksheet provides the farm revenue items listed on the 2013 Schedule F.

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: Michigan/Vanburen
		4. Tax Year: 2013		
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 (cash) or III (accrual) 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 or 37	0	0	
b. Sales of livestock, produce, grains, and other products you raised	2 or 37	\$97,400	\$1,100 (B) (for packing supplies)	\$96,300
c. Cooperative distributions	3b or 38b	\$3,800	\$3,240 (C)	\$560
d. Agricultural program payments	4b or 39b	\$18,200	\$18,200 (A)	\$0
e. Commodity Credit Corporation (CCC) loans reported under election	5a or 40a	0	0	0
f. CCC loans forfeited	5c or 40c	0	0	0
g. Crop insurance proceeds and federal crop disaster payments	6b or 41	\$31,875	\$31,875 (A)	0
h. Custom hire (machine work) income	7 or 42	\$5,000	\$5,000 (A)	0
i. Other income, including federal and state gasoline or fuel tax credit or refund:				
Federal and state gasoline or fuel tax credit or refund	8 or 43	\$2,400	\$2,400 (A)	0
Income from bartering		\$200	0	\$200
Payments from buyers of commodities for bypassed acreage		\$1,000	0	\$1,000
Payments from marketing orders		\$1,000	0	\$1,000
11. Total Schedule F Part I or III Revenue		\$160,875	\$61,815	\$99,060
	12. Allowable Revenue for Tax Year			\$99,060

## Claim for Indemnity Form Elements Description and Example

### A. Required Elements Description

The following table provides descriptions of the Claim for Indemnity Report required elements.

Item	Required Elements	Description
1.	Insurance Year:	The current insurance year. Includes beginning and ending month of fiscal year if applicant/insured filed Federal tax on fiscal year basis.
2.	State/County:	Pilot state and county where the majority of the total expected revenue for the insurance year will be derived. It can be any pilot county in which the applicant/insured has established or intends to establish any commodity. However, the same state and county must appear on all the applicant's/insured's WFRP reports that require a state/county.
3.	Policy Number:	Policy number for which indemnity is being calculated.
4.	Claim Number:	Claim Number assigned by the AIP.
5.	Insured Information:	Name, address, telephone number, and tax ID, such as social security number or employer identification number for the insured. Also includes the person type the insured used to file their Federal taxes.  The insured must be the same person and person type as the person designated on the United States Income Tax form(s).
6.	Agency Information	Name, address, telephone number and code number of the agent. Include policy number.
7.	Companion Policy(s)	List of producers, other than the insured, that have WFRP coverage on any of the commodities covered under the insured's policy.  Enter "NONE" when the insured has 100 percent share in all commodities insured under their WFRP policy, or when all other producers with an interest in the commodities do not have a WFRP policy.
8.	Date of Damage:	Month and year in which most of the damage causing a loss in revenue occurred. Enter the specific date of damage when known, such as damage from hail, fire or flood.
9.	Cause of Damage:	Event(s) that caused the damage resulting in loss of revenue. Cause must be an insurable cause of loss. List all insurable causes that created damage. Describe cause of loss in narrative, item 28, if additional space is required.
10.	Primary Cause (%):	Percentage of the primary cause of the damage, when more than one insurable cause created the damage. Must be whole percent and exceed 50 percent.
11.	Dates of Notice:	Date(s) insured provided notice of loss.
12.	Allowable Expenses for Insurance Year	Whole dollar amount of allowable expenses for the insurance year. Enter amount from item 14 of the Allowable Expenses Worksheet for the insurance year.

**Claim for Indemnity Form Elements Description and Example (Continued)****A. Required Elements Description (continued)**

<b>Item</b>	<b>Required Elements</b>	<b>Description</b>
13.	Approved Expenses	Approved expenses for the insurance year, as calculated after making all required adjustments. Enter the amount from item 20b on the Farm Operation Report.
14.	Expense Percentage (12/13)	Percentage amount used to determine the percentage amount of reduction in approved revenue, if applicable. Divide the allowable expenses for the insurance year (item 12) by the approved expenses for the insurance year (item 13). Enter as a three decimal place number. See paragraph 103.
15.	Expense Reduction Percentage	Percentage amount used to determine the percentage amount of reduction in approved revenue, if applicable. Subtract the result of step 14 from .700. If the result is zero or less, enter "0". See paragraph 103.
16.	Approved Revenue	Approved revenue for the insurance year. Enter amount from item 19b on the Farm Operation Report.
17.	Expense Reduction Dollar Amount	Amount to reduce from insured's approved revenue. Multiply the result of step 15 by the result of step 16. Round the result to nearest whole dollar amount.
18.	Approved Revenue Adjusted for Expenses	Approved Revenue adjusted for expenses. Subtract result of item 17 from item 16. Round to the nearest whole dollar.
19.	Coverage Level	Coverage level elected by insured.
20.	Insured Revenue	The amount of revenue insured under WFRP. Enter result of item 18 by item 19. Round to nearest whole dollar.
21.	Allowable Revenue for Insurance Year	Allowable revenue for the insurance year. Enter the amount from item 12 on Allowable Revenue Worksheet for the insurance year. See paragraphs 44 and 45.
22.	Inventory Adjustment	Total dollar amount of adjustments made for insurance year for inventoried commodities from Inventory Report. Enter the amount from item 19 on the Inventory Report. This amount may be positive or negative.
23.	Accounts Receivable Adjustment	Total dollar amount of adjustments made for insurance year for accounts receivable on Accounts Receivable and Accounts Payable Report. Enter the amount from item 10 on the accounts Receivable and Accounts Payable Report. This amount may be positive or negative.
24.	Market Animal and Nursery Adjustment	Total dollar amount of adjustments made for the insurance year for animals and nursery commodities on the Market Animal and Nursery Inventory Report. Enter the amount from item 20 on the Market Animal and Nursery Inventory Report. This amount may be positive or negative.
25.	All other Adjustments	Total dollar amount of adjustments made for insurance year for all adjustments other than inventoried commodities and accounts receivable, including but not limited to:

**Claim for Indemnity Form Elements Description and Example (Continued)****A. Required Elements Description (continued)**

<b>Item</b>	<b>Required Elements</b>	<b>Description</b>
25. ***	All Other Adjustments (Continued)	<p>(1) value assigned for uninsured cause of loss;</p> <p>(2) value assigned for abandoned acreage/commodities;</p> <p>(3) indemnities from other crop insurance policies; except for NAP payments and indemnities paid by another policy for damage or loss to a commodity that is not covered by WFRP (timber, animals for show, or pasture or rangeland insured under the Rainfall Index or Vegetation Index policies)</p> <p>(4) gains from commodity hedging; and.</p> <p>All other adjustments must be documented in the Narrative or on a Special Report and attached to the Claim for Indemnity Form.</p>
26.	Revenue-to-Count	Revenue-to-count for determining indemnity. Sum the result of item 21 + item 22 + item 23 + item 24 + item 25. Enter "0" if sum of all items is negative.
27.	Revenue Loss	Dollar amount of revenue loss for the insurance year. Enter the result item 20 minus item 26.
28.	Narrative	<p>Document:</p> <p>(1) reason no indemnity due, if applicable;</p> <p>(2) all adjustments made to insured's revenue on tax form(s) used to determine item 21;</p> <p>(3) individual values used to determine item 25; and</p> <p>(4) document any other pertinent information used in calculation of indemnity.</p> <p>If more space is needed, include applicable information on a Special Report. Include the insured's name, policy number, and claim number on the separate document. Title the document "Narrative to Claim for Indemnity Continued" and attach it to the Claim for Indemnity Report.</p>
29.	Date Insurance Year IRS Federal Taxes Filed:	Month, day, and year the insured's farm tax forms were sent to the IRS for the insurance year.
30.	Similar Damage on Other Farms in the Area?	Indication of whether other farms in the area had similar damage as the insured reported. Enter "Yes" if other farms in the area had similar damage, otherwise enter "No."
31.	Assignment of Indemnity?	Indication of whether insured has an assignment of indemnity in effect for insurance year. Enter "Yes" if insured has assignment of indemnity in effect for insurance year, otherwise enter "No."
32.	Has the insured received a NAP payment from FSA?	Enter "Yes" if the insured received a NAP payment from FSA, otherwise enter "No." If the answer is "Yes," refer to paragraph 124.

**Expected Value Guidelines (Continued)**

**D. Methods for Determining Expected Values (continued)**

<b>IF the commodity ...</b>	<b>THEN use ...</b>
is not under contract to be sold at a specified price and has not been sold during the insurance period prior to the Intended Farm Operation Report being completed. (continued)	The current local cash bid price for the commodity in the local area where the commodity is normally sold.  The average price offered by at least two commercial buyers, one selected by the insured and one by the AIP  Prices from a reliable third party source, such as a commodity broker, crush district, packer/processor, or marketing cooperative, and the AIP approves.

**E. Contracted Price**

Use the contracted price if the commodity is under a marketing contract to be sold at a specified price at the time the Farm Operation Report is filed or updated, as applicable. The contracted price must be adjusted to remove the cost of any post-production operations. Marketing contracts include, but are not limited to, contracts with processors, packers, marketing cooperatives, commodity brokers, and cash forward contracts. The Farm Operation Report must be revised if the contracted price is renegotiated and changed. It may not be revised upwards if the contract is changed following the Revised Farm Operation Reporting date.

**F. Reliable Third Party Sources**

Reliable third party sources of pricing information may include:

- (1) Futures Market Prices for the month of harvest with basis removed to adjust to the local market basis
- (2) Commodity Broker Reports;
- (3) District Crush Reports;
- (4) Packer/Processor Reports; and
- (5) Marketing Cooperative Reports.

**G. Additional Expected Value Guidance**

1. Expected values listed on the Farm Operation Report must be the **local market price the insured can expect to receive for the commodity when the commodity is harvested** (less post-production expenses). The Expected Value section of the policy (section 18), provides a short priority list that indicates values to use and the following guidance is provided:

**Expected Value Guidelines (Continued)**

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**G. Additional Expected Value Guidance (continued)**

- (a) If a marketing contract is in place the price from that contract should be used. These types of contracts must be written and must be an agreement to sell the commodity at a specified price. As described in the policy language in section 18(a)(1), this has to relate to a price the insured can expect to receive when the commodity listed on the Farm Operation Report is harvested so the marketing contract must be for commodity that will be sold during the insured year.
- (b) If a commodity for the current insurance year was already sold during the current insurance year prior to filling out the Intended Farm Operation Report, the actual sales price must be used. This is only for the commodity and amount of that commodity that was sold between the beginning of the insurance period and the date the Intended section of the Farm Operation Report was completed.
- (c) If neither (a) or (b) apply, then there is a list of price sources in the policy that must be used to determine the expected value (price) for the commodity. The AIP should take care to determine the most applicable source from this list that will best project the price the insured can expect to receive. This section does not simply allow the selection of the source that will result in the 'highest' price and additional guidance for the selection of the most applicable price is provided below.
  - (i) For commodities that are widely marketed and have revenue coverage available under other policies, such as corn, soybeans, wheat, and dry beans/peas (selected states), the FCIC projected prices, adjusted for local basis to reflect the local market price, should be used as the best price estimate for a harvest time price. These are, for the most part, based on the futures markets and would best reflect the price the insured can expect to receive. The only time these prices might not be used is if the insured is marketing in a specialty market and another of the choices for price is more applicable to what the insured can expect to receive.
  - (ii) For commodities that do not have other revenue coverage insurance available, but have other Federal crop insurance available, RMA price elections should be used. The only time these prices might not be used is if the insured was marketing in a specialty market and another of the choices for price was more applicable to what the insured can expect to receive.
  - (iii) For commodities that do not fit items (i) or (ii), expected values from local, average cash bid prices from local markets should be used. The only time these prices might not be used is if the insured was marketing in a specialty market and another of the choices for price was more applicable to what the insured can expect to receive.

**Expected Value Guidelines (Continued)**

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**G. Additional Expected Value Guidance (continued)**

- (iv) For commodities that do not fit items (i), (ii), or (iii), but season average prices from AMS, Market News Reports, or NASS or ERS are available, these season average prices should be used. The only time these prices might not be used is if the insured was marketing in a specialty market and another of the choices for price was more applicable to what the insured can expect to receive.
  - (v) If prices aren't available under (iv), then average prices from at least two commercial buyers may be used or prices from a reliable third party source may be used if approved by the AIP.
  - (vi) If prices aren't available under (v) **and the insured sells directly to consumers**, the three year season average price for the commodity may be used. This option specifically says the commodity was sold directly to consumers which means direct-market sales.
  - (vii) If the commodity is organic and the insured meets the requirements for organic pricing- the same list above should be used to price the commodity with an organic price.
2. The guidance above is reinforced in section 17 of the policy regarding how the Farm Operation Report is completed. This section states, and AIPs should ensure that prices are determined using the guidance above, that:
- (a) the expected values must reflect the expected sale price by markets where the crop is normally sold;
  - (b) as of the date the Farm Operation Report is completed (and there are also special instructions for the dates of determination of expected values if revisions are made).
3. The flexibility in the policy is necessary to address the need to price many commodities that are sold to a variety of different market places and are insured under WFRP.

**Note:** The policy does NOT allow the use of alternative insurance prices that may be offered by privately administered non-reinsured supplemental products that are available.