Frequently Asked Questions

Whole-Farm Revenue Protection (WFRP) Federal Crop Insurance Dairy Farms

March 3, 2017

Whole-Farm Revenue Protection (WFRP) insurance provides coverage against the loss of revenue that you expect to earn, or will obtain from commodities you produce or purchase for resale during the insurance period under one insurance policy. The WFRP policy includes:

- A range of coverage levels from 50-85 percent to fit the needs of farming and ranching operations;
- Coverage for all commodities on the farm except timber, forest and forest products, and animals for sport, show or pets;
- Premium discounts based on the amount of farm revenue diversification, such as a farm that obtains revenue from milk, steers, replacement heifers, and hay compared to one that obtains revenue only from corn;
- Whole-Farm premium subsidy levels for farms with more than one commodity and meeting diversification requirements;
- Replant coverage for annual crops;
- The ability to consider market readiness costs as part of the insured revenue and expenses; and
- Provisions to adjust the insurance guarantee for expanding operations.

For more information see a crop insurance agent at www.rma.usda.gov/tools/agent.html.

Policy and program information can be found at www.rma.usda.gov/policies/wfrp.html.

General Questions

Q: Is WFRP insurance available for dairy farms?
A: Yes. The WFRP insurance product provides insurance protection for all of the farm’s revenue under one policy.

Q: What farm revenue is covered?
A: The amount of farm revenue you can protect with WFRP insurance is the lower of the revenue expected for the current year (entered on a farm plan) or your five-year historic income from your farm taxes, adjusted for growth. This represents an insurable revenue amount that can reasonably be expected to be produced on your farm during the insurance year. All commodities produced by the farm are covered under WFRP except timber, forest, and forest products, and animals for sport, show or pets. It is important to understand that WFRP is covering revenue produced during the insurance year. For example: If a calf weighs 800 pounds at the beginning of the year and will be sold at 1200 pounds during the insurance year, the value of production will be the additional 400 pounds gained. Inventory adjustments are used to remove production produced during previous years and to add revenue for production that hasn’t been harvested or sold yet.

Q. Is revenue from milk, replacement animals, calf sales, or planned culling covered?
A: Yes, these are covered as well as any other commodities that are grown and sold on the farm except timber, forest, and forest products, and animals for sport, show or pets.

Q: I grow crops on my farm to feed to my dairy herd. Will the feed I grow for my dairy cattle be insurable under WFRP?
A: No, only commodities that will be sold for revenue will be included in the insurance protection offered by WFRP.

Q: What if my operation has been expanding?
A: There are two ways the WFRP policy looks at growing operations. The first is an indexing procedure that looks to see if the allowable income from either of the last two years is higher than the five (5) year average allowable income. If so, the historic income is increased based on how much the farm has grown over the five historic years. The second way the WFRP policy looks at farm growth depends on records provided by the insured to show that physical changes have occurred on the farm that support an expanded operation increase of up to 35 percent more than the 5-year average allowable income. For example, if a dairy added 30 cows to the number being milked, this physical change to the dairy would increase expected revenue and would be considered to be expansion. Increases in coverage based on expansion are subject to Approved Insurance Provider (AIP) approval. Only those operations that meet one of these two conditions will be allowed to have adjustments in the guarantee as an expanding operation.

Q: Are there limits to what farms can be insured under WFRP?
A: Yes, if any of the following limits are exceeded, the farm will not qualify for WFRP:

- The farm's total coverage (approved revenue multiplied by the selected coverage level) must be $8.5 million or less at the sales closing date;
- The expected revenue from animals and animal products on the farm may be $1 million or less at sales closing date;
- The expected revenue from nursery and greenhouse products on the farm may be $1 million or less at sales closing date;
- The farm must have a commodity count of two (2) or more commodities if the farm has potatoes; or
- Farms that have a commodity that is insurable under Revenue Protection, Revenue Protection with the Harvest Price Exclusion, or the Actual Revenue History plan of insurance must meet the diversification requirements of having at least two (2) commodities on the farm in order to qualify for WFRP insurance.

Q: Is there a limited amount of insurance available for farms with animal-based agriculture?
A: Policies with animals and animal products such as milk are sold on a first come, first served basis and once the available expense monies have been used up, no additional farms with livestock can be insured.

How Much Will WFRP Cost?

Q: Is farm diversification an important factor in WFRP?
A: Yes! Farm level diversification is important in WFRP. In general, diversification is measured by the number of commodities on the farm. Farm diversification reduces revenue risk on the farm. The following are key items in WFRP that are affected by diversification on the farm (Note: The number of commodities is determined as described in the answer to the next question.):

- Diversification with at least three commodities qualifies the farm for the highest coverage levels (80 and 85 percent);
- Farms with two or more commodities will receive a premium rate discount based on the amount of diversification (a reflection of the lower risk of revenue loss because of the farms diversification);

- Whole-farm premium subsidy is applicable for farms with two or more commodities, resulting in less premium cost to the producer;
- Farms growing potatoes must show diversification of at least two commodities to qualify for WFRP insurance; and
- Farms with a commodity insurable under any of the other Federal crop insurance programs that provide revenue coverage must meet diversification requirements of at least two commodities on the farm in order to qualify for WFRP insurance.

Q: How is diversification (commodity count) measured?
A: The WFRP commodity count is a calculation rather than simply a count of commodities produced. It is important to understand that the commodity count used by WFRP is not just what you are growing or producing on the farm, but is a measure of farm diversification that shows the farm has reduced its risk by producing significant amounts of revenue from multiple commodities. For example: A dairy farm may have 95 percent of its revenue coming from milk and five percent from calves. For WFRP purposes, this farm would be considered to have only one commodity. However, if the farm had 80 percent of its revenue coming from milk and 20 percent from feedlot steers, the farm would be considered to have two commodities. The commodity count calculation must be used to determine the number of commodities that count under the policy.

The calculation determines the minimum proportion of revenue a commodity must contribute to the farm to be considered a countable commodity for WFRP. A farm's revenue would be evenly distributed if an equal percentage of revenue came from each commodity produced; for example, 25 percent from milk, 25 percent from hay, 25 percent from steers and 25 percent from replacement heifers. The minimum proportion to be considered a countable commodity is 1/3 of that evenly distributed amount. Therefore, in this example, each commodity would have to make up at least 8.3 percent of the total revenue of the farm to count as a commodity under WFRP. Commodities with revenue below the minimum will be grouped together in order to recognize the diversification of the multiple commodities, thereby making the commodity count higher.

Q: For a dairy, would milk, calf sales, replacement heifers, and hay sold all count towards diversification?
A: Every county has a list of commodities under WFRP. Each commodity listed that is sold on the farm counts towards diversification. For commodities not listed, there are categories called 'other', such as 'other animals' or 'other animal products'. (Note: If a commodity you sell isn't on the list, please contact your regional RMA office and request it be added for the next year.)

Q: What type of premium subsidy is available for WFRP?
A: Whole-farm subsidy is available for WFRP if you qualify through diversification on your farm. The availability of whole-farm subsidy for WRFP for farms meeting the diversification requirements for two (2) commodities means that WFRP insurance provides the same higher whole-farm subsidy levels available on the Revenue Protection products. Your WFRP subsidy amount will be based on the commodity count calculation indicating the amount of farm level diversification of revenue that you have. If you have two (2) or more commodities that significantly contribute to your operation, you will receive a whole-farm subsidy. If not, you will receive the basic subsidy. The following subsidy amounts will apply for WFRP.

WFRP Subsidy: Percentage of Total Premium Paid by Government

Coverage Level	50%	55%	60%	65%	70%	75%	80%	
Basic Subsidy-Qualifying Commodity Count: 1	67%	64%	64%	59%	59%	55%	N/A	

Whole-Farm Subsidy-Qualifying Commodity Count: 2	80%	80%	80%	80%	80%	80%	N/A	N/A
Whole-Farm Subsidy-Qualifying Commodity Count: 3 or more	80%	80%	80%	80%	80%	80%	71%	56%

Q: What will I need to determine my coverage and my total premium cost be for WFRP?
A: You will need your previous five years of farm taxes and your farm plan for the upcoming year. The years of farm taxes that you would need for the 2017 insurance year are 2011-2015. Schedule F is used and if you use other farm tax forms, the tax forms and supporting records must be used to complete Substitute Schedule F's necessary to determine the amount of insurance and premium due. See a Federal crop insurance agent for detailed information and an insurance quote.

WFRP Coverage

Q: What is the insurance period for WFRP?
A: The insurance period under WFRP is based on your tax year. If you are a calendar year filer, the insurance period is January 1, 2017 through December 31, 2017. If you are a fiscal year filer your insurance period will be the same as your fiscal tax year (i.e., October 1, 2017 – September 30, 2018). For first year insureds under WFRP, coverage begins ten days after the application is accepted by your insurance company

Q: How do I determine the prices to use for the commodities on my farm plan?
A: Prices must be reasonable for your local market and will be determined using the expected value section in the policy. These guidelines are generally based on third party values, but for some farms that grow commodities where little or no price information is available, there are times when historic averages will be used. Organic prices may be used for certified organic acreage, and organic prices may also be used for small farms that do not have to have an official organic certification, as long as an organic plan in accordance with the National Organic Program is being followed.

Q: Can I use organic prices?
A: Yes! If your farm is certified organic or, for farms with $5,000 in revenue or less, if your farm follows an organic farm plan, then you may use your organic expected values. Prices used under the WFRP insurance should always reflect the actual markets the farm sells into.

Q: Can I purchase Federal crop insurance for individual commodities in addition to WFRP?
A: Yes. You may purchase other Federal crop insurance coverage for any of your commodities as long as the other policy provides coverage at a "buy-up" coverage level and not at the "catastrophic" (CAT) coverage level. When you purchase other Federal crop insurance policies in conjunction with WFRP, the total liability from those policies covering WFRP covered commodities, up to 50 percent of your WFRP policy liability, will be used to adjust the WFRP liability amount for premium calculation purposes. The liability adjustment will be used only for premium calculation and will result in a reduced amount of WFRP premium. The other FCIC reinsured crop insurance will become your primary policy and any indemnity paid on those policies will be considered to be revenue for the insurance year under the WFRP policy to assure duplicate payments for the same crop loss are not made. If you purchase other Federal crop insurance coverage at the CAT level of coverage, you will not be eligible for WFRP for that insurance year. <u>You are not required to purchase another Federal crop insurance policy</u>.

Q: What if I have a CAT policy for another crop but don't plant any acreage of that crop?
A: You must cancel the CAT policy, even if you do not plan to plant any acreage of the crop, in order to be eligible for the WFRP policy. The reason for this is the availability of that CAT policy means that you could plant the crop and would automatically have insurance coverage for that crop under the CAT policy, which would void your WFRP policy.

Losses Under a WFRP Policy

Q: How and when is a loss paid for WFRP?
A: Losses are paid under WFRP at the end of the insurance period after you have filed your farm income taxes for the insurance year. If your allowable income is less than your insurance guarantee, a loss will be paid under WFRP. It is important to understand that the policy also looks at expenses and expects expenses to be at least 70 percent of the five-year average expenses. If they are lower, the insurance guarantee is adjusted downwards because a change in the operation resulted in fewer expenses.

Availability and How to Purchase WFRP

Q: Where is WFRP Available?
A: WFRP is available in all 50 states and all counties within each state. WFRP is the only crop insurance product with nationwide availability.

Q: How and where do I purchase WFRP insurance?
A: WFRP is available for purchase from your local crop insurance agent. A list of crop insurance agents is available at all USDA Service Centers and online at the RMA Agent Locator. These agents work for AIPs that have reinsurance agreements with the RMA.

Q: Where can I get more information about WFRP?
A: More information about WFRP and premium quotes can be obtained from a Federal crop insurance agent. There is an agent locator on the web site at www.rma.usda.gov/tools/agent.html. WFRP program information can also be found on the RMA web site at www.rma.usda.gov/policies/wfrp.html.

Q: What is the last date to purchase (sales closing date) WFRP?
A: Sales closing dates (SCD) are the same as other spring crop SCDs applicable for your county and will be January 31, February 28, or March 15.

Farm tax records are used to determine the amount of insurance under WFRP. Some producers file their taxes on a Calendar basis and some file their taxes on a Fiscal Year basis. WFRP needs to be purchased at the same time regardless of how taxes are filed, as shown in the following examples:

Example: A Calendar Year tax filer's tax year for 2017 begins January 1, 2017. WFRP must be purchased on or before the county SCD in 2017 (i.e., January 31, February 28, or March 15, 2017).
Example: Fiscal Year tax filers, must purchase their WFRP policy by the SCD in the year that corresponds to the year in which the tax year begins. In this example the Fiscal tax year is July 1, 2017 to June 30, 2018. WFRP must be purchased on or before the county SCD in 2017 (i.e., January 31, February 28, or March 15, 2017).

Consult a crop insurance agent or check the Actuarial Information Browser on the RMA website to find the SCD for your county. Additional information can be found on the Actuarial Information Browser page on the RMA website.