

Producer Perspectives

Whole-farm Revenue Protection Producer Perspectives

While Whole-Farm Revenue Protection is a new policy offered through the Federal Crop Insurance Program, it is built on previous policies that have worked well for farmers growing specialty crops and farming diverse crops. The WFRP policy expands on these policies as well as offering new options that encourage diversification and provide for market readiness features many small farms and fresh fruit and vegetable producers have requested.

A Back-up Strategy in Agriculture is Crop and Revenue Insurance



Orchardists like Marvin Lapp know the importance of producing good quality fruit for America's growing market. Mr. Lapp also understands the importance of a strong risk management plan to ensure there is a back-up in place to cover any unexpected losses due to natural disasters or price fluctuation.

That back-up strategy tool has been the Adjusted Gross Revenue (AGR) policy since 2001.

After taking an early retirement as a bank loan officer and crop insurance salesman in May 1996, Mr. Lapp became crop insurance manager of Washington Fruit Company located in central near Yakima, Washington. What he thought was going to be a four to five year gig, has turned out to be an on-going 18 year second career.

It wasn't until his fifth or so year with Washington Fruit Company that Mr. Lapp began overseeing the risk management strategies for the orchard business, and in 2001, he signed the company's first AGR policy.

"AGR has proven to be our back-up strategy plan and primary risk management tool," says Mr. Lapp. "Production and safety management decisions are in my control, but natural disasters and global market variations are not."

The Risk Management Agency (RMA) administers the federal crop insurance program which included the AGR and Adjusted Gross Revenue-Lite (AGR-Lite) policies. The 2014 Farm Bill gave RMA direction to develop a farm safety net policy providing whole-farm revenue protection, for which the agency combined the two separate AGR/AGR-Lite policies and added many improvements. The new policy is

being offered for 2015 as the Whole-Farm Revenue Protection (WFRP). Whole-Farm insurance allows farmers to insure all crops on their farm under one policy, rather than insuring commodity by commodity. The WFRP policy also allows farmers greater flexibility to make planting decisions on their land and provides premium discount incentives for increased diversification.

Washington Fruit Company includes a diverse fruit crop operation with several acres of apples (Red Delicious, Goldens, Granny, Gala, Fuji, Honey Crisp and Braeburn), dark sweet cherries and wine grapes.

"I share with many neighbor orchardists that in the past 13 years, AGR has been the go-to policy that has protected us when rain came at the wrong time; hail bruised and destroyed our fruit; heat caused sunburn and poor quality and as a downside price protection component, provided revenue stability," said Mr. Lapp.

Mr. Lapp, looks forward to WFRP working as well as AGR has been for him. As crop insurance manager of Washington Fruit Produce, he plans to continue to lead by example by utilizing the whole-farm concept as their orchard's crop and revenue safety net.

To learn more about Whole Farm Revenue Protection (WFRP) program or other USDA Risk Management Agency programs go to www.rma.usda.gov.

Managing Revenue Risk with Whole Farm Insurance



Adolfo Alvarez came to the U.S. in 1971 from Jalisco, Mexico. In 1977, he began picking asparagus and working as a tractor driver in the Washington State hop fields, and apple and cherry orchards. Adolfo worked his way up to foreman, then manager and then, through a loan received from USDA Farm Service Agency, became an owner of his own orchard, Adolfo Alvarez Farms (AA Farms).

One of his first decisions as an orchard owner was to farm completely using organic practices. He wanted to keep the soil pure and in top condition for future generations. Today, AA Farms is completely certified organic, growing apples, (Honey Crisp, Fuji, Gala, Golden, Reds, Granny and other varieties) cherries, and organic concord grapes for juice.

Adolfo is a true believer in USDA Risk Management Agency's whole-farm revenue insurance program (formally known as adjusted gross revenue insurance). This risk management tool helps manage the farm's production and financial risks. Adolfo has offered many testimonials at regional conferences and

fruit crop field tours. He recommends and believes in whole farm revenue policies for producers looking to protect their farms' business operations' crop and revenue risks.

"Without crop insurance in my fruit operation, I would not have the success I do today. Like many past years, we have experienced cold and wet weather at the wrong times. Crop insurance has been there for me... it's the real thing," said Adolfo.

Adolfo markets his crop through Holtzinger Fruit, located in Washington's Yakima Valley, and has his own apple label called, "Adolfo's Organics Apples."