United States Department of Agriculture

Federal Crop Insurance Overview: Whole-Farm Revenue Protection (WFRP) and Micro Farm

Risk Management Agency

Providing Coverage for Diversified Producers

- **WFRP** - first offered in 2015 to provide coverage for all crops under one crop insurance policy for diversified producers including specialty and organic crops.
- **Micro Farm -** first offered in 2022 as a streamlined approach to WFRP - specifically for small producers.

WFRP

- Covers up to $17 million of revenue.
- Post-production costs are not included.
- Expected value are primarily based on third-party sources.
- Expected yields are based on underlying policies or insured's four- to ten-year average.
- May combine with other individual crop policies with any coverage level:
  - Any indemnities from these policies will count as revenue earned under WFRP.

Micro Farm

- Less paperwork requirements.
- Insures farm operations with approved revenue up to $350,000 for the initial year of insurance & $400,000 for carry-over policies.
- Post-production and value-added costs may be included in approved revenue.
- Expected value are based on the insured's past three to five-year average of total revenue and acres.
- May purchase additional individual crop policies at any coverage level:
  - Indemnities that exceed Micro Farm deductible will be included as revenue.

What does WFRP & Micro Farm cover?

- Revenue from all commodities produced on the farm:
  - Including Hemp.
  - Animals and animal products.
  - Commodities purchased for resale (up to 50% of total).
  - Excluding timber, forest, forest products, and animals for sport, show, or pets.
- Replant costs (with approval):
  - Not available under Micro Farm.

What is Micro Farm?

- **A streamlined/more accessible version of WFRP**
  - Insures farm operations with approved revenue up to $350,000 for the initial year of insurance & $400,000 for carry-over policies.
  - Post-production and value-added costs may be included in approved revenue.
    - For example: jams, jellies, or pies made from fruit produced on farm operation.
  - Expected value is based on the insured's past three- to five-year average of total revenue and acres.

How is the amount of insured revenue determined?

WFRP and Micro Farm insured revenue is <u>the lower of</u>:

- Current year's expected revenue (determined on the farm plan) at the selected coverage level; or
- The adjusted historic revenue at the selected coverage level.

WFRP & Micro Farm Coverage Options

- Flexible coverage levels to tailor to your need
  - 50-85%, in 5% increments.
  - **All WFRP and Micro Farm insureds eligible for 80 & 85% coverage.**
  - No catastrophic level available.

Post-production & Value Added

- **Micro Farm:**
  - **Post-production, value-added, and market readiness operations may be included in expected prices and allowable revenue.**
- WFRP:
  - Post-production & Value-added costs must be removed from expected prices and allowable revenue.
  - Costs for market readiness operations may be left in the approved revenue.

*Market readiness operations is defined as:

- Minimum required to remove commodity from the field and make market ready.
- On farm, in-field, or close-proximity to field.

What causes a loss payment under WFRP & Micro Farm?

- Natural causes of loss and decline in market price during the insurance period.
- Taxes must be filed for the policy year before any claim can be made.
- When revenue-to-count for the policy year is lower than insured revenue, a loss payment will be made.

Does diversification matter for WFRP & Micro Farm?

Yes!

The diversification measure determines:

- The amount of the diversification discount to the premium rate.
  - **Micro Farm is a set discount.**
- Amount of premium subsidy.
- Eligibility for farms producing potatoes or crops with other revenue protection available
  - Must have at least two commodities

WFRP & Micro Farm Premium Subsidy

WFRP Subsidy: Percentage of Total Premium Paid by Government

Coverage Level	50%	55%	60%	65%	70%	75%	80%	85%
Subsidy-Qualifying Commodity Count: 1	80%	80%	80%	80%	80%	77%	68%	53%
Subsidy-Qualifying Commodity Count: 2 or more	80%	80%	80%	80%	80%	80%	71%	56%

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WFRP limits for qualification:

Coverage Level	Maximum Farm Approved Revenue
85	$20,000,000
80	$21,250,000
75	$22,666,666
70	$24,285,714
65	$26,153,846
60	$28,333,333
55	$30,909,090
50	$34,000,000

- Covers up to $17 million of revenue:
  - Coverage limited to $2 million in expected revenue from animals and animal products, excluding aquaculture commodities.
  - Coverage limited to $2 million in expected revenue from greenhouse/nursery, excluding aquaculture commodities:
    - Products also insurable under nursery policy.
    - Doesn't include items such as produce grown in hoop houses.

Providing Coverage for Diversified Producers

BENEFIT: Provides coverage for a wide variety of crops, including crops that may not have individual coverage, under one crop insurance policy.

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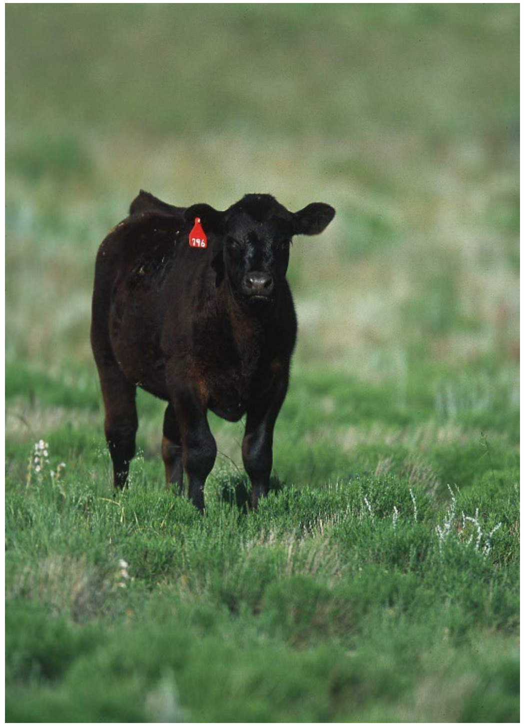
Expansion Adjustments & Help When Bad Years Occur

- Historic revenue is adjusted by:
  - Farm expansion:
    - Automatic historical revenue adjustment calculation the accounts for farm growth (Insured may opt out this adjustment).
    - Expanding operations provision allows for up to 35% growth over historic average, for most operations, with insurance company approval.
      - (Micro Farm) - Applicable only to physical expansion, i.e., added acres.
      - (WFRP Only) - For expanding operations due solely to certified organic production, the limit on growth is the higher of 35% or $500,000.
  - Options to Account for Bad Years:
    - Revenue Substitution.
    - Revenue Exclusion.
    - 90% Cup on Approved Revenue.

What information is required?

- WFRP
  - Five years of farm tax forms
    - For 2024, requires tax forms from 2018-2022 (calendar & early fiscal year filers) 2017-2021 (late fiscal year filers).
      - Exceptions: Veteran/Beginning Farmers or Ranchers (VFR/BFR) or applicants that qualified as a VFR/BFR in the previous year, qualifying persons not required to file a US Tax Return (i.e., Tribal Entities), and producers that were physically unable to farm one year.
- Micro Farm
  - At least three years of farm tax forms.
    - For 2024, requires tax forms from 2021-2023 (calendar & early fiscal filers) 2020-2022 (late fiscal filers).



What information is required?

- Information about what will be produced on the farm during the insurance period (WFRP).
- Total Revenue and acreage for at least the last three years up to five years (Micro Farm):
  - Used to complete the Intended Farm Operation Report.
- Other information as applicable, such as:
  - Supporting records (if requested), organic certification, inventory, or accounts receivable information.

What is the timeline for WFRP – Micro Farm?

- Sales begin generally by September 1.
- Last day to purchase: Sales Closing Date
  - Late fiscal year filers (all counties) – Nov 20.
  - (WFRP) - County specific date - Jan 31, Feb 28, or Mar 15.
  - (Micro Farm) – County specific date – Feb 28, Mar 31, or Apr 15.
  - Intended Farm Operation Report is completed.
- Revised Farm Operation Report Due:
  - Jul 15 for all insureds.

What is the timeline for WFRP & Micro Farm?

- Billing date:
  - Aug 15 for all insureds.
- Final Farm Operation Report completed earlier of:
  - Time of loss determination; or
  - Next Policy Year’s Sales Closing Date.
    - If not completed-limited to 65% coverage the next year.

Other facts to understand about WFRP & Micro Farm

- WFRP & Micro Farm covers revenue "produced" in the insurance period
  - A commodity not harvested or sold will count as revenue.
  - A commodity grown last year and sold this year will not be covered.
  - For commodities that grow each year, like cattle, only the growth for the insurance year counts. (i.e., Calves worth $800 at beginning of the year and to be sold at $2,000, the value insured will be $1,200).
  - Inventories and Accounts Receivable are used to determine the "produced" amounts.

Other facts to understand about WFRP & Micro Farm

- Expected values for Direct Marketed commodities under WFRP are determined by the previous three-year average of allowable revenue and acreage for all commodities produced on the farm operation:

- Expected values under Micro Farm are determined by the previous three- to five-year average of allowable revenue and acreage for all commodities produced on the farm operation:
  - Post-production and value-added revenue may be included in allowable revenue and expected prices under Micro Farm.
  - Insureds with five years of records have the option to exclude one year for the purposes of expected value determinations.

Other facts to understand about WFRP

- Prices and yields used to value commodities to be grown must meet the expected value and yields guidelines in the policy
  - The values must be what producers can reasonably expect to receive in the local area for the commodity.
    - Based, to the extent possible, on third party sources.
    - Marketing contracts used at the time they become effective within policy limitations.
  - The yields must be what the producers can reasonably expect to produce under normal growing conditions.
    - For commodities also covered under another FCIC plan of insurance, the approved yield for the underlying policy.
    - For commodities with no other coverage, the insured’s four- to ten-year average yield, using replacement yields when allowed by policy.

How do producers buy WFRP & Micro Farm protection?

Purchase through a Crop Insurance Agent:

The agent locator tool on RMA's website:

www.rma.usda.gov/informationtools/agentlocator

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Questions?

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