United States Department of Agriculture

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

Risk Management Agency

Current as of January 10, 2023

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-year average
- May purchase additional individual crop policies
  - Must be at buy-up coverage levels
  - 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-year average of total revenue and acres
- No individual crop policies allowed

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-year average of total revenue and acres

How is the amount of insured revenue determined?

WFRP and Micro Farm insured revenue is the lower of:

- 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
  - Diversification of 3 commodities (commodity count) required for 80% and 85% (WFRP)
  - **Micro Farm automatically qualifies 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:

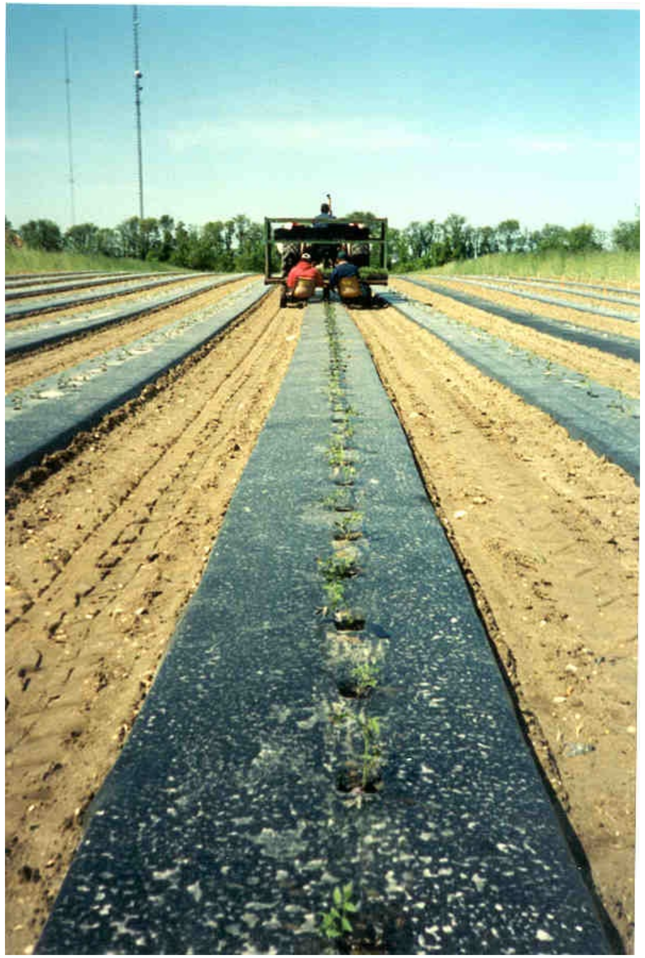
- Minimum required to remove commodity from the field and make market ready
- On farm, in-field, or close-proximity to field

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 eligibility for:

- 80 & 85% coverage levels
  - WFRP Requires 3 commodities
  - **Micro Farm automatically**
- Additional WFRP Diversification Requirements
  - Potato farms must have 2 commodities
  - Commodities insurable with other revenue coverage must have 2 commodities

Does diversification matter for WFRP & Micro Farm?

Yes!

The diversification measure also determines:

- The amount of the diversification discount to the premium rate
  - **Micro Farm is a set discount**
- Whole-farm premium subsidy for farms with two or more commodities
  - **Automatic for Micro Farm**

WFRP & Micro Farm Premium Subsidy

WFRP Subsidy: Percentage of Total Premium Paid by Government

Coverage Level	50%	55%	60%	65%	70%	75%	80%	85%
Basic Subsidy Qualifying Commodity Count: 1	67%	64%	64%	59%	59%	55%	N/A	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%

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WFRP limits for qualification:

Coverage Level	Commodity Count (Minimum Required)	Maximum Farm Approved Revenue
85	3	$20,000,000
80	3	$21,250,000
75	1	$22,666,666
70	1	$24,285,714
65	1	$26,153,846
60	1	$28,333,333
55	1	$30,909,090
50	1	$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

WFRP & Micro Farm Recap

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

WFRP

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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
- Automatically eligible for 80 & 85% coverage
- Expected value are based on the insured's past three-year average of total revenue and acres
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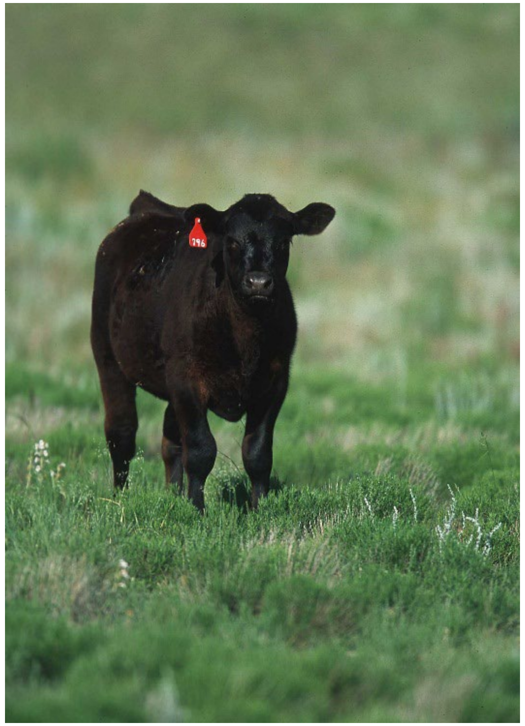
Expansion Adjustments & Help When Bad Years Occur

- 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
      - 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

United States Department of Agriculture

What information is required?

- WFRP
  - Five years of farm tax forms
    - For 2023, requires tax forms from 2017-2021 (calendar & early fiscal year filers) 2016-2020 (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 2023, requires tax forms from 2020-2022 (calendar & early fiscal filers) 2019-2021 (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 the last three 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
- **Expense reporting is no longer required for WFRP**
  - 2023 change made in effort to reduce paperwork burden

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
  - County specific date - Jan 31, Feb 28, or Mar 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 prices for Direct Marketed commodities under WFRP and for commodities under Micro Farm are determined by the previous three-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.

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 no other coverage, the insured's four-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

USDA United States Department of Agriculture

Questions?

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