Federal Crop Insurance Overview: Whole-Farm Revenue Protection (WFRP) and Micro Farm
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
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
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
• **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
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 Subsidy: Percentage of Total Premium Paid by Government

<table>
<thead>
<tr>
<th>Coverage Level</th>
<th>50%</th>
<th>55%</th>
<th>60%</th>
<th>65%</th>
<th>70%</th>
<th>75%</th>
<th>80%</th>
<th>85%</th>
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</thead>
<tbody>
<tr>
<td><strong>Basic Subsidy</strong></td>
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<tr>
<td>Qualifying Commodity Count: 1</td>
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<td>64%</td>
<td>64%</td>
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<td>59%</td>
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<tr>
<td><strong>Whole-Farm Subsidy</strong></td>
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<tr>
<td><strong>Whole-Farm Subsidy</strong></td>
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<tr>
<td>Qualifying Commodity Count: 3 or more</td>
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<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>71%</td>
<td>56%</td>
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</table>
WFRP limits for qualification:

- 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

<table>
<thead>
<tr>
<th>Coverage Level</th>
<th>Commodity Count (Minimum Required)</th>
<th>Maximum Farm Approved Revenue</th>
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</table>
**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
- 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
- Automatically eligible for 80 & 85% coverage
- Expected value are based on the insured’s past three-year average of total revenue and acres
- No individual crop policies allowed
• 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
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)
      
      o 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
• 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.
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
Questions?

• WFRP Team Contacts:
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