This presentation highlights features of the Risk Management Agency Programs and is not intended to be comprehensive. The information presented neither modifies or replaces terms and conditions of the WFRP policy and the county actuarial documents. Consult a crop insurance agent for further details.
What Is Whole-Farm Revenue (WFRP) Protection?

- WFRP - is a combination Adjusted Gross Revenue (AGR) and Adjusted Gross Revenue-Lite (AGR-Lite) policies, along with various modifications for improvement stemming from a contracted review and feedback from producer listening sessions.

- WFRP pilot plan of insurance provides producers with an improved whole-farm risk management product under one policy. WFRP coverage is available up to $8.5 million for all commodities produced on the farm. Diversified, specialty and organic commodities (crops and livestock) can all be covered.

- WFRP is intended to replace coverage previously provided by the AGR and AGR-Lite plans of insurance, and is available nationwide as of 2016.
<table>
<thead>
<tr>
<th>COMPARISON</th>
<th>AGR-Lite</th>
<th>AGR</th>
<th>WFRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability Limit</td>
<td>$1 Million</td>
<td>$6.5 Million</td>
<td>$8.5 Million</td>
</tr>
<tr>
<td>Coverage Level</td>
<td>65,75,80*</td>
<td>65,75,80*</td>
<td>50-85 in 5% increments</td>
</tr>
<tr>
<td>One Commodity</td>
<td>No Restriction</td>
<td>No Restriction</td>
<td>No restriction unless only one commodity (using commodity count) and that commodity has an MPCI revenue product available.</td>
</tr>
<tr>
<td>Payment Rate</td>
<td>75, 90</td>
<td>75,90</td>
<td>None</td>
</tr>
<tr>
<td>Animal or Animal Product Limit</td>
<td>None</td>
<td>35 % of Expected Income</td>
<td>Expected revenue up to $1 million (Max)</td>
</tr>
<tr>
<td>Nursery and Greenhouse Limit</td>
<td>None</td>
<td>None</td>
<td>Expected revenue up to $1 million (Max)</td>
</tr>
<tr>
<td>Potato Requirement</td>
<td>Minimum of 2 Commodities (with calculation)</td>
<td>Minimum of 2 Commodities (with calculation)</td>
<td>Minimum of 2 Commodities (using the commodity count)</td>
</tr>
<tr>
<td>Replant Payments</td>
<td>None</td>
<td>None</td>
<td>Up to 20 percent of expected revenue for annual commodity with 20 acres or 20 percent of crop needing replant. Not allowed if also insured under MPCI with replant provisions.</td>
</tr>
<tr>
<td>Other Federal Crop Insurance-Underlying Policies</td>
<td>Optional</td>
<td>MPCI required if 50% of expected income from MPCI crops and allowed otherwise</td>
<td>MPCI coverage is optional and may be at any buy-up level. Farm is not eligible if catastrophic level MPCI policies are purchased.</td>
</tr>
<tr>
<td>Market readiness amounts in insured revenue</td>
<td>No</td>
<td>No</td>
<td>No, Yes</td>
</tr>
<tr>
<td>Expanding operations</td>
<td>No</td>
<td>No</td>
<td>Average allowable historic revenue increased by up to 35% if operation physically expanding and if approved by AIP. This allows for farm growth that may or may not trigger indexing.</td>
</tr>
<tr>
<td>Cancellation/Termination</td>
<td>31-Jan</td>
<td>31-Jan</td>
<td>Same as sales closing date for county. (1/31, 2/28, 3/15)</td>
</tr>
<tr>
<td>Contract Change</td>
<td>31-Aug</td>
<td>31-Aug</td>
<td>31-Aug</td>
</tr>
<tr>
<td>Sales Closing Date</td>
<td>March 15 New</td>
<td>31-Jan</td>
<td>In Actuarial Documents-same as dates for spring crops for county: 1/31, 2/28 or 3/15 depending on county</td>
</tr>
<tr>
<td>Jan 31 Carryover</td>
<td></td>
<td>31-Jan</td>
<td></td>
</tr>
<tr>
<td>Rating Methodology</td>
<td>Same as AGR</td>
<td>Rates revenue variability of individual commodities.</td>
<td>Same as AGR</td>
</tr>
<tr>
<td>Premium Subsidy</td>
<td>Basic Levels</td>
<td>Basic Levels</td>
<td>Whole-Farm Level for 2 or more commodities Basic Level for 1 commodity (using the commodity count)</td>
</tr>
</tbody>
</table>
WFRP Basics

- A whole-farm insurance product that provides producers with risk management protection for all commodities on the farm under one insurance policy.

- Provides protection against loss of revenue that a producer expects to earn or will obtain from commodities produced or purchased for resale, including animals and animal products, during the insurance period.

- **Commodity** – Any agricultural product established or produced on your farm operation, except timber, forest, and forest products, animals for sport, show or pets.
WFRP Basics (continued)

- Insures against loss of approved revenue due to unavoidable natural causes that occur during the insurance period.

- Insurance Period, the tax year insured by WFRP:
  - A calendar year if taxes are filed on a calendar year basis, or
  - A fiscal year if taxes are filed on a fiscal year basis

- Insurance Year is designated by the calendar year in which the sales closing date for the insurance period occurs.
WFRP Basics (continued)

- Insured revenue is based on: Coverage level multiplied by the lower of:
  - 1.) A completed Whole-Farm History Report (using five consecutive tax years information, beginning immediately before the lag year, and adjusted according to the Policy)
  - 2.) The insured revenue from the production of commodities during the current insurance period as reported on the Farm Operation Report

- Losses occur when:
  - The Allowable Revenue, (farm revenue the IRS requires to be reported on the farm tax records) from the production of commodities produced during the insurance period, falls below the Insured Revenue

Produced - An insured commodity will be considered produced when it has matured to the extent that it is generally saleable at established markets, regardless of whether or not it is actually harvested by the end of the insurance period
WFRP – Program Materials

- Whole-Farm Revenue Protection Pilot Policy has sections for:
  - Your Insurance Contract
  - Your Coverage
  - Loss Determinations
  - Administrative Provisions
  - Special Circumstances
  - Definitions

- FCIC-18160 Whole-Farm Revenue Protection Pilot Handbook
- Actuarial Documents (includes commodity codes)
  - Including Special Provisions
WFRP Insurance Cycle

Claim for Indemnity Process

Final Farm Operation Report

Whole Farm History Report and Intended Farm Operation Report Due At Sales Closing Date

Revised Farm Operation Report
WFRP - Application

The producer must include the following information on the application:

- The coverage level;
- Social security number (SSN) if they are an individual. If they are an individual applicant operating as a business, they must provide an employer identification number (EIN) and must also provide their SSN;
- EIN if they are a person other than an individual; and
- The following for all persons who have a substantial beneficial interest in the operation:
  - The SSN for individuals; or
  - The EIN for persons other than individuals and the SSNs for all individuals that comprise the person with the EIN if such individuals also have a substantial beneficial interest in the operation;
- Any child of the producer will not be considered to have an interest in them unless the child has a separate legal interest in them.
The producer must include the following information on their application:

- Whether their farm taxes are filed as a:
  - Calendar year;
  - Early fiscal filer (Begins before August 1); or
  - Late fiscal filer (Begins August 1 or later)

- Any other material information required on the application for this policy

- The county listed on the application should be the county where the majority of the total expected revenue is produced
The producer must provide information to the company regarding insurance they obtained from any other insurance provider or from any FSA office on commodities covered by the policy.

The information provided must include the date such insurance was obtained.

If the farm operation is vertically integrated, or the producer owns or has interest in related tax entities, they must clearly identify and explain the relationship between such entities at the time they file an application.

**NOTE:** It is the AIPs responsibility to make sure a vertically integrated operation is identified and all policy and procedure is followed during the insurance year.
Before accepting the application, AIPs must ensure the application:

- Is for a qualifying person with an interest in the revenue derived from the commodities to be insured;
- Contains all required information according to the WFRP policy;
- Is for the same person as the person that filed Federal income taxes with the IRS for each tax year in the whole-farm history period; and
- Is signed by the person to be insured or an authorized representative of that person

The application must be rejected if all requirements for acceptance are not met. The original application and a letter explaining why the application was rejected must be sent to the applicant.
Qualifying Person Criteria

- Be a U.S. citizen or resident;
- Be eligible to receive federal benefits;
- File a Schedule F tax form or Substitute Schedule F covering 100 percent of the farm operation;
- The entity must have tax returns for each year (5 consecutive years) of the revenue and expense history and farm operation as the insured person for the insurance year (check policy for exceptions);
- If you inherit, purchase or lease another person’s farm operation, you may use the other person’s tax returns if certain requirements are met; and
- Be engaged in the business of farming and derive revenue from the production of commodities
Tax Records and Eligibility

- To be eligible for WFRP, the insured must have 5 years of tax records filed with IRS during the whole-farm history period under the same tax ID.

- Exceptions to the 5 year tax record requirement:
  - Changing tax ID or entity without altering the farm operation (e.g., spouses filing taxes as a partnership instead of an individual, forming a corporation, etc.)
  - When purchasing a farm operation (at least 90%) and the tax records of that operation are available
  - Entities that do not file taxes with IRS but are still eligible for federal benefits (e.g., tribal entities)
  - Beginning Farmers and Ranchers with as few as three years of tax records
  - Producers who were physically unable to farm for one year
Qualifying Person Criteria- Farm Ineligibility
The Farm is Ineligible for WFRP if:

- Insured revenue is greater than $8.5 million
- The entity raises potatoes and does not qualify as having two commodities (commodity count calculation)*
  
  * This limit is a legislated requirement under section 508(a)(3)(C) of the Act

- Expected revenue from animals / animal products is greater than $1 million of total expected revenue; or
- Expected revenue from nursery / greenhouse is greater than $1 million of total expected revenue
Qualifying Person Criteria (continued)

The Farm is Ineligible if:

- The entity has only one commodity and revenue protection is available for that commodity (ARH or Revenue Protection Insurance Plans)
- The entity purchases CAT coverage for another policy offered under the authority of the Act for any commodity on the farm operation unless allowed by the Special Provisions
- The entity derives more than 50 percent of allowable revenue from commodities purchased for resale
Documentation needed by Sales Closing Date

Along with the Application the producer will provide:

- IRS Tax Form 1040 Schedule F (or applicable) or
- Other farm tax forms and WFRP Substitute Schedule F
- The Intended Farm Operation Report for the insurance period (what/how much will be produced)

Forms and Worksheets:

- Allowable Expenses Worksheet
- Allowable Revenue Worksheet
- Whole Farm History Report
- Farm Operation Report (Intended section)
- Beginning Inventory Report (if applicable)
- Accounts Receivable and Payable Report (if applicable)
- Market Animal and Nursery Inventory/Accounting Worksheet (if applicable)
Whole-farm history period - The five consecutive tax years prior to the tax year immediately before the insurance year.
Allowable Revenue and Expense Worksheets

Use the farm tax forms for the year of insurance to calculate allowable revenue and allowable expenses for the insurance year on the Allowable Revenue Worksheet and the Allowable Expense Worksheet.

WFRP only covers revenue from commodities produced within the tax year.

Produced - An insured commodity will be considered produced when it has matured to the extent that it is generally saleable at established markets, regardless of whether or not it is actually harvested by the end of the insurance period.
WFRP – Allowable Revenue

- Allowable Revenue (5 year history):
  
  - Farm revenue from the production of commodities produced by the farm operation, or purchased for further growth and development by the farm operation, that the IRS requires to be reported

  - Allowable revenue for WFRP purposes is limited to specific revenue items and can be found in the policy under section 10

  - Certain revenue items are excluded, these can also be found in the policy under section 10
# Allowable Revenue Worksheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Person Type: Individual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Box 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anytown, USA, 11111</td>
<td>Phone: 999.999.9999</td>
<td>4. Tax Year: 2015</td>
</tr>
</tbody>
</table>

### 5. Adjustment Codes:
- A = Schedule F income specifically excluded
- B = Cost of post-production operations
- C = Co-op distributions not directly related
- G = Net gain from commodity hedges
- H = Not directly related to production
- I = Other

### 6. Schedule F Part I Revenue

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1c</td>
<td>$0</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>2</td>
<td>$4,668,100</td>
<td>0</td>
<td>$4,668,100</td>
</tr>
<tr>
<td>3b</td>
<td>$20,843</td>
<td>$20,843(C)</td>
<td>$0</td>
</tr>
<tr>
<td>4b</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Your Coverage Section 15 Required Reports

United States Department of Agriculture
WFRP - Allowable Expenses

- Allowable Expenses (5 year history):

- Farm specific expenses that are allowed by this policy including applicable adjustments and reported to the IRS for the production of commodities

- Allowable expenses for WFRP purposes is limited to specific expense items and can be found in the policy under section 11

- Allowable expenses specifically exclude any expenses associated with post-production operations, or commodities in which there is not an insurable interest

- Remember, after recording expenses and indexing, they really don’t play a role in the policy unless the insured has a loss
# Allowable Expense Worksheet

<table>
<thead>
<tr>
<th>Allowable Expenses Worksheet</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Producer Information:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Policy Number:</td>
<td>XXXXXX</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. State/County:</td>
<td>XXXxxxx</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Tax Year: 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Adjustment Codes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A = Schedule F expenses specifically excluded</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B = Cost of post-production operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H = Not directly related to production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I = Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Schedule F Part II Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Schedule F Line Number</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Amount on Schedule F</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Expense Adjustment Amount and Code</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Allowable Expense Per Item</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car and truck Expenses</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>$256,689</td>
</tr>
<tr>
<td>Chemicals</td>
<td>11</td>
<td>$256,689</td>
<td>0</td>
<td>$256,689</td>
</tr>
<tr>
<td>Conservation expenses</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Custom hire</td>
<td>13</td>
<td>$274,322</td>
<td>0</td>
<td>$274,322</td>
</tr>
<tr>
<td>Depreciation and section 179 expense</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Employee benefit programs other than on line 23</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Feed</td>
<td>16</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Fertilizers and lime</td>
<td>17</td>
<td>$516,365</td>
<td>0</td>
<td>$516,365</td>
</tr>
<tr>
<td>Freight and trucking</td>
<td>18</td>
<td>$472,885</td>
<td>0</td>
<td>$472,885</td>
</tr>
<tr>
<td>Gasoline, fuel, and oil</td>
<td>19</td>
<td>$290,497</td>
<td>0</td>
<td>$290,497</td>
</tr>
<tr>
<td>Insurance (other than health)</td>
<td>20</td>
<td>$208,385</td>
<td>0</td>
<td>$208,385</td>
</tr>
<tr>
<td>Interest: Mortgage and Other</td>
<td>21</td>
<td>$214,500</td>
<td>$214,500 (A)</td>
<td>0</td>
</tr>
<tr>
<td>Labor hired</td>
<td>22</td>
<td>$583,784</td>
<td>0</td>
<td>$583,784</td>
</tr>
</tbody>
</table>

## Your Coverage Section 15 Required Reports
WFRP-Whole-Farm History Report

- Report showing 5 historic years of:
  - Allowable revenue
    - Use Allowable Revenue Worksheet for each year
  - Allowable expenses
    - Use Allowable Expense Worksheet for each year
- The following calculations are made for both Revenue and Expenses:
  - Average, Indexed, and Expanded Operation
- The higher of the Average, Indexed or Expanded Operation calculation becomes the Whole-Farm Historic Average and is carried over to the Farm Operation Report
# Whole-Farm History Report

**1. Producer Information:**
- I.M. Insured: Anytown, USA, 11111
- Person Type: Individual
- Phone: 999.999.9999
- SSN: xxx.xxx.xxxx

**2. Agency Information:**
- Agent Code: XX
- I.M. Agent: Anytown, USA 11111
- Policy: xxxxx
- Phone: 111.111.1111

**3. Insurance Year:** 2015

**4. IRS Accounting Method:**

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Allowable Revenue</th>
<th>Allowable Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$6,245,000</td>
<td>$4,371,500</td>
</tr>
<tr>
<td>2010</td>
<td>$6,325,000</td>
<td>$4,225,000</td>
</tr>
<tr>
<td>2011</td>
<td>$6,450,200</td>
<td>$4,360,000</td>
</tr>
<tr>
<td>2012</td>
<td>$6,990,000</td>
<td>$4,893,000</td>
</tr>
<tr>
<td>2013</td>
<td>$6,695,000</td>
<td>$4,686,500</td>
</tr>
</tbody>
</table>

**5. State/County:** XXX/XXX

**6. Total**
- $32,705,200
- $22,536,000

**7. Simple Average**
- $6,541,040
- $4,507,200

**8. Indexed**
- $7,051,242
- $4,876,790
- ($6,541,040 \times 1.078)
- ($4,507,200 \times 1.082)

**9. Expanded Operation**
- $7,195,144
- $4,957,920
- ($6,541,040 \times 1.10)
- ($4,507,200 \times 1.10)

**10. Whole-Farm Historic Average (higher of item 10, 11 or 12)**
- $7,195,144
- $4,957,920
WFRP – Whole-Farm History- Indexing Qualifications

If the allowable revenue in either of the two most recent tax years in the producer’s whole-farm history period is greater than their average allowable revenue for the whole-farm history period, they may use the following indexing calculation to account for growth in the farm operation:

1. Divide each tax year's allowable revenue by the preceding tax year's allowable revenue. (Round to three decimal places, cap at 1.200, and cup at .800). These are the four index factors that measure the amount of growth in the operation.
2. Sum the results of (1), cup at 1.00
3. Divide the result of (2) by 4 to calculate the average index factor;
4. Raise the result of (3) to the fourth power to get the revenue trend factor;
5. Multiply the result of (4) by the average allowable revenue to calculate the indexed average revenue

$6,541,040 = 5 \text{ year average} \times 1.078 \text{ index factor} = $7,051,242 = \text{Indexed Revenue}
If the operation is:

- Physically expanding by adding either production capacity (such as added land, increase of animals produced or purchased, or an addition of a greenhouse) or increasing the use of existing production capacity (such as double cropping existing land or beginning production on certified organic acreage) with an increase for the insurance year that leads to expected revenue over the simple average allowable revenue, and

- The insurance company approves the farm as an expanding operation

- Average Allowable Revenue may be increased up to 35% by multiplying the Average Allowable Revenue by the expanding operation factor

\[
\begin{align*}
\text{Average Allowable Revenue} & = \$6,541,040 = 5 \text{ year average} \\
\times 1.10 & \quad \text{Expanding Operation factor} \\
\text{Expanded Operation Adjusted Revenue} & = \$7,195,144
\end{align*}
\]
Step 1 WFRP – Complete the Whole-Farm History

Determine 5 - year Whole-Farm Historic Average farm revenue

Determine 2015 expected crop revenue

Determine Approved Revenue

Decide what percentage of Approved Revenue to guarantee

Actual 2015 Insured Revenue Determined

Taxes Filed / Possible Claim

Loss Paid

Calculate the Indexed Average Allowable Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>6,245,000</td>
</tr>
<tr>
<td>2010</td>
<td>6,325,000</td>
</tr>
<tr>
<td>2011</td>
<td>6,450,200</td>
</tr>
<tr>
<td>2012</td>
<td>6,990,000</td>
</tr>
<tr>
<td>2013</td>
<td>6,695,000</td>
</tr>
</tbody>
</table>

$6,541,040 = 5 Year average farm revenue

$6,541,040 = 5 year average

$6,541,040 \times 1.078 = \text{Indexed revenue}

$7,051,242 = \text{Indexed revenue}
### Step 1: Complete the Whole Farm History (con’t)

<table>
<thead>
<tr>
<th>Task</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine 5 - year Whole-Farm Historic Average farm revenue</td>
<td></td>
</tr>
<tr>
<td>Determine 2015 expected crop revenue</td>
<td></td>
</tr>
<tr>
<td>Determine Approved Revenue</td>
<td></td>
</tr>
<tr>
<td>Decide what percentage of Approved Revenue to guarantee</td>
<td></td>
</tr>
<tr>
<td>Actual 2015 Insured Revenue Determined</td>
<td></td>
</tr>
<tr>
<td>TaxesFiled / Possible Claim</td>
<td></td>
</tr>
<tr>
<td>Loss Paid</td>
<td></td>
</tr>
</tbody>
</table>

#### Calculating the Expanded Operation

**Adjusted Revenue-if insurance company approves expanding operation**

- **Expanded Operation Adjusted Revenue**
  
  \[ \text{6,541,040} = 5\text{- year avg.} \times 1.10 = \text{7,195,144} \]
  
  OR
  
  **Indexed Whole-Farm Historic Average**
  
  \[ \text{6,541,040} \times 1.078 = \text{7,051,242} \]

The **Higher** of the Average, Indexed, or Expanded Operation Revenue is the **Whole-Farm Historic Average Revenue**

**In this case:** $7,195,144
Farm Operation Report

- **Intended Farm Operation Report** - The Sales Closing Date
- **Revised Farm Operation Report** – By July 15 for calendar or an early fiscal year filer. Late fiscal filers, the last day of the month in which the fiscal year begins, but no later than October 31, without company consent
- **After the Revised Farm Operation Report Date** - The insured must notify the company within 30 days if they make changes to the commodities grown on their farm after the Revised Farm Operation Report is completed and the company may revise the premium amount based on these changes, except those resulting from a covered cause of loss
- **Final Farm Operation Report** - Production and revenue information. Must be provided at the earliest of: The time an indemnity is claimed or by the sales closing date for the following year, if the commodity is not sold, expected values can be used
# Intended - Farm Operation Report

**FARM OPERATION REPORT**

1. **Insurance Year:** 2015  
2. **Producer Information:**  
   - I.M. Insured  
   - Person Type: Individual  
   - Anytown, USA, 11111  
   - Phone: 999.999.9999  
   - SSN: xxx.xx.xxxx  
3. **Agency Information:**  
   - I.M. Agent  
   - Policy: xxxx  
   - Anytown, USA 11111  
   - Phone: 111.111.1111  
4. **State/County:** XXXX/XXXX  
5. **Other Insurance:** Corn  
   - Policy xxxx

<table>
<thead>
<tr>
<th>Intended</th>
<th>Revised</th>
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</tr>
</thead>
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22. Integrated/Post-production Operations: ( ) YES or (x) NO  
   - See Special Circumstances in Section 6.
Insurance Period

Insurance period - The tax year which is insured by WFRP

- **Insurance year** - The insurance year is designated by the calendar year in which the sales closing date occurs

- **Tax year** - The annual accounting period for the farm operation defined by the period used for tax purposes. The tax years are (1) a calendar year or (2) a fiscal year

- **Fiscal year** - A period of the 12 consecutive months used for accounting and tax purposes, and ending on the last day of the twelfth month as long as the twelfth month is not December. Begins after January 31 of the insurance year and ends on the last day of the twelfth month
Insurance Year

- **Early Fiscal Filer** - An insured with a fiscal year that begins prior to August 1 of the insurance year

- **Late Fiscal Filer** - An insured with a fiscal year that begins August 1 or later in the insurance year

- **Lag year** - The tax year immediately preceding the insurance year
WFRP – When Insurance Attaches

- For the first year the producer obtains coverage under this policy, the coverage will begin the later of:
  - The beginning of the insurance period; or
  - 10 days after the company’s acceptance of the application
WFRP - What is covered?

- WFRP provides protection against loss of approved revenue due to unavoidable natural causes that occur during the insurance period.

- Following the year of application, coverage is provided against loss of revenue due to causes of loss (specified in the policy) that occurs during the current or previous insurance period, and market based fluctuation that causes a loss in revenue for the current insurance period in accordance with the policy.
WFRP-What is not covered?

- Negligence, mismanagement, wrongdoing
- An act by any person that affects the revenue on the farm operation including but not limited to chemical drift, or fire caused by anything other than a naturally occurring event;
- Failure to follow recognized good farming practices for each insured commodity
- Water contained by any government, public, private dam or reservoir
- Damage to machinery or equipment;
- Failure to carry out good irrigation practices
- Failure or breakdown of irrigation equipment or facilities; or the inability to prepare the land for irrigation using the established irrigation method unless the failure, breakdown or inability is due to an unavoidable natural cause
- Theft and Vandalism
WFRP—What is not covered? (continued)

- Inability to market the commodities due to quarantine, boycott or refusal of anyone to accept commodities
- Lack of labor
- Failure of buyer to pay for commodities
- Failure to follow the requirements contained in any processor contract;
- Abandonment;
- Failure to obtain a price for any commodity that is reflective of the local market value;
- Deterioration of commodities in storage that reduces the quality or value of the commodity, unless such deterioration is due to unavoidable natural causes that occurred during the insurance period
- Note: Decline in local market price will be presumed to be from unavoidable natural causes unless the FCIC is able to specifically identify a man-made cause that resulted in a measurable change in the price. In the case of such occurrence, the portion of the loss caused by the man-made event will not be covered
WFRP – Commodity Count Calculation

The following calculation will determine the commodity count:

- Formula: Divide 1.0 by the number of commodities (separate commodity codes) on Farm Report × 0.333 × the expected revenue =

- \( \frac{1}{5} \times 0.333 \times \$6,588,378 = \$441,421 \)

- Determine how many commodities have expected revenue equal to or greater than \$441,421

- Commodities with the same commodity code will be combined before this calculation is done.

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<tr>
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Sum expected commodities with revenue amounts equal to or greater than $441,421 and subtract from Total Expected Revenue;

$2,348,678 + $2,690,800 + $806,400 + $480,000 = $6,325,878;

$6,588,378 - $6,325,878 = $262,500;

Divide $262,500 by $441,421 to determine additional commodities to county (use whole numbers);

No additional commodities count

4 commodities count

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WFRP - Expected Values

- Expected Value for each commodity is the value the producer expects to receive for commodities listed on the Farm Operation Report and must be consistent with the Expected Value Guidelines in the policy.

- Expected values must be reasonable, realistic, and consistent with available local market information, supported by verifiable records (except where direct marketing sales records are allowed) and take into account current local markets, cycles and trends.

- The source for each expected value on the Expected Values section of the Farm Operation Report must be provided.
WFRP Expected Values Should…

- Reflect the expected sale price by markets where the crop is normally sold as of…
- The time the Intended Farm Operation Report is submitted; or
- The time the Revised Farm Operation Report is submitted for commodities that are different than those submitted on the Intended Farm Operation Report; or
- The date of planting for revisions made after the Revised Farm Operation Report date and allowed by the insurance company; and
- Insureds may report each commodity with a different value on a different line. Companies will report these to RMA rolled up into one line per commodity code (summed or averaged as applicable)
WFRP - Expected Values Are Based On The Following

- Expected Value – the price of the commodity the insured can expect to receive when the commodity is harvested and based on the following:

1. Price in the marketing contract if applicable.
2. Price received if the commodity was sold if applicable.
3. The price you can expect to receive, obtained from the most applicable source, approved by the AIP;
   A. Season average prices reported by the Agricultural Marketing Service, Market News Reports,
   C. FCIC published price for the area where you normally sell the commodity.
   D. Average price received for the three most recent years
   E. Current local average bid price in the area where you normally sell the commodity
   F. Average price offered by at least two commercial buyers, one selected by you, and one selected by the AIP
   G. Prices from a reliable third party such as a commodity broker, crush district, packer/processor or marketing cooperative approved by the AIP.
WFRP Insurance Cycle

Claim for Indemnity Process

Final Farm Operation Report

NOL or Damage
Application Acceptance Approved Revenue
Total Production and Final Revenue
Summary of Coverage Premium Billing

Whole Farm History Report
Intended Farm Operation Report
AT Sales Closing Date

Revised Farm Operation Report
July 15 for Calendar and Early Fiscal Filers
Fiscal years August, Sept, Oct, last day of first month of year
Fiscal Years Nov and Dec-October 31
If the Revised Farm Operation Report shows the insured has exceeded the Qualifying Person Criteria policy limits and the farm:

- Exceeds the $8.5 M insured revenue limit-insurance will be capped at $8.5 million and all revenue produced will be considered revenue to count;

- Exceeds either the $1 million limitation on animals and animal products or greenhouse/nursery, the amount shown under either will be capped at the limit and all revenue produced will be considered revenue-to-count;

- Does not have the minimum two commodity requirement for farms with potatoes the policy will be void and no coverage provided

- Commodity count calculation needs to be verified, if the commodity count changed, the coverage levels need to be recalculated
**Revised - Farm Operation Report**

<table>
<thead>
<tr>
<th>Intended</th>
<th>8. Yield</th>
<th>9. Expected Value</th>
<th>10. Expected Revenue (8x9)</th>
<th>11A. Intended Quantity</th>
<th>11B. Cost/Basis and/or Value</th>
<th>11C. Total Expected Revenue (10x11A - 11B)</th>
<th>12A. Actual Quantity</th>
<th>12B. Actual Cost/Basis and/or Value</th>
<th>12C. Total Expected Revenue (8 x 9 x 12A - 12B)</th>
<th>13A. Final Total Production</th>
<th>13B. Final Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweet Corn</td>
<td>10 T</td>
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16. Total Expected Revenue @ SCD (Total of Item 14 and 15 @ SCD) | $6,588,378 |
17. Whole-Farm Historic Average Revenue (Item 13 of WFHR) | $7,195,144 |
18. Total Expected Revenue @ Revised Reporting Date (Item 15) | $6,067,578 |
19. Approved Revenue (Lesser of item 16 and 17 @ SCD or item 17 and 18 @ RRD) | 19a $6,588,378 | 19b $6,067,578 |
20. Approved Expenses | 20a $4,507,200 | 20b $4,182,682 |

21. Narrative, Expected Values, and Report of Changes: Potato acres decreased to 500 at revised time |

22. Integrated/Post-production Operations: ( ) YES or (x) NO See Special Circumstances in Section 6.
## Step 2 - Complete the Farm Operation Report

1. **Determine 5-year Whole-Farm Historic Average farm revenue**
2. **Determine 2015 expected crop revenue**
3. **Determine Approved Revenue**
4. **Decide what percentage of Approved Revenue to guarantee**
5. **Actual 2015 Insured Revenue Determined**
6. **Taxes Filed / Possible Claim**
7. **Loss Paid**

### Revised Farm Operation Report by July 15

<table>
<thead>
<tr>
<th>Crop</th>
<th>Acres</th>
<th>Unit</th>
<th>Quantity</th>
<th>Price</th>
<th>Total Revenue</th>
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</thead>
<tbody>
<tr>
<td>Sweet Corn</td>
<td>250</td>
<td>ac</td>
<td>10</td>
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<tr>
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Total: $6,067,578
Step 3 - Determine Approved Revenue

Determine 5 - year Whole-Farm Historic Average farm revenue

Determine 2015 expected crop revenue

Determine Approved Revenue

Decide what percentage of Approved Revenue to guarantee

Actual 2015 Insured Revenue Determined

Taxes Filed / Possible Claim

Loss Paid

Approved Revenue is determined on the Farm Operation Report and is the lower of:

1. Expected Revenue Revised Farm Operation Report @ July 15 ($6,067,578) or,
2. The Whole-Farm Historic Average Revenue ($7,195,144)

Approved Revenue = $6,067,578
Step 4 - Determine the Insured Revenue

- Determine 5-year Whole-Farm Historic Average farm revenue
- Determine 2015 expected crop revenue
- Determine Approved Revenue
- Decide what percentage of Approved Revenue to guarantee
- Actual 2015 Insured Revenue Determined
- Taxes Filed / Possible Claim

\[
\text{Approved Revenue} = \$6,067,578 \times 85\%
\]

*Provided commodity count calculation determined 3 or more commodities

- Insured Revenue (Asset protection) (maximum amount of loss payable)

\[
5,157,441
\]

Loss Paid
Premium Calculation, Subsidy, and Billing

- The farm level premium rate depends on the:
  - County(s);
  - Commodities grown;
  - Percentage of revenue from each commodity grown;
  - Commodity Count - The more diversified the farm is the lower the farm level premium rate.

- Premium is calculated by:
  - Multiplying the Insured Revenue by the Farm Level Premium Rate;
  - Subsidy – Determined by the commodity count calculation:
    - Whole-Farm Level for 2 or more commodities;
    - Basic Level for 1 commodity

- Billing Dates:
  - August 15 for calendar or early fiscal filers, December 1 for late fiscal filers
WFRP Insurance Cycle

Claim for Indemnity Process

Final Farm Operation Report
Earlier of Claim Time or Sales Closing Date for Following Year

Whole Farm History Report
Intended Farm Operation Report
AT Sales Closing Date

Revised Farm Operation Report
July 15 for Calendar and Early Fiscal Filers
Fiscal years August, Sept, Oct, last day of first month of year
Fiscal Years Nov and Dec-October 31
End of the Year-Complete the Final Farm Operation Report

- The Final section of the Farm Operation Report is completed the earlier of:
  - By the following year’s sales closing date
  - When a claim is filed
  - For fiscal year filers whose year does not end until after the next year’s sales closing date-60 days following the end of the fiscal year
## FARM OPERATION REPORT

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<tbody>
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<td><strong>6. Commodity Name/Code</strong></td>
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WFRP Insurance Cycle

Claim for Indemnity Process

Final Farm Operation Report
Earlier of Claim Time or Sales Closing Date for Following Year

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AT Sales Closing Date

Revised Farm Operation Report
July 15 for Calendar and Early Fiscal Filers
Fiscal years August, Sept, Oct, last day of first month of year
Fiscal Years Nov and Dec-October 31
WFRP - Claim for Indemnity

- Insured must provide a notice of loss within 72 hours of initial discovery that allowable revenue for the insurance period could fall below the insured revenue.

- The insured must submit a claim for indemnity declaring the amount of the loss not later than 60 days after the original date that the farm tax forms for the insurance year must be provided to the IRS, unless the insured filed a tax extension request.

- Must complete and file farm taxes with the IRS before a claim for indemnity can be filed.

- The Company will not pay any indemnity if the insured does not file their farm tax forms on or before the first day of the seventh month after the end of the insurance period, unless the insured has requested a Federal tax filing extension.
If the insured requested a Federal tax filing extension:
- They must provide to a copy of the request for an extension or a copy of their tax return

- Cannot pay WFRP losses until indemnities are received, as applicable, from all other policies that cover commodities insured under this policy

- The Company will not pay any indemnity under this WFRP policy if the insured does not file their taxes on or before the final extended tax due date
WFRP – Claim for Indemnity

Required Documentation to Complete a Claim:

- Claim for Indemnity Report
- Claim Year Tax Form 1040 Schedule F (or equivalent)
- Final Farm Operation Report
- Claim Year Allowable Expenses Worksheet
- Claim Year Allowable Revenue Worksheet
- Inventory and Accounts Receivable (if applicable)
- Market Animal and Nursery Inventory (if applicable)
- Replant Payment Worksheet (if applicable)
Upon the Company’s request, the insured must:

- Provide verifiable records or direct marketing sales records that comprise a complete marketing record of any commodity on the farm operation; and
- For any commodity that produced less actual revenue than expected revenue, must provide verifiable records sufficient to determine the loss of revenue was caused by perils covered under this policy; and
- Submit to examination under oath if requested by the AIP

If the amount of loss cannot be accurately determined from the information submitted, no indemnity will be paid but premium will still be owed.
(1) Determine allowable revenue from farm tax forms for the insurance year using the Allowable Revenue Worksheet:

Adjust revenue by making the following adjustments (adding or subtracting):

- The dollar amount of ending accounts receivable minus the dollar amount of beginning accounts receivable.

- For all commodities produced on the farm operation, the value of ending inventory less the value of the beginning inventory (the value of both the beginning and ending inventories will be the actual price received if the inventory is sold prior to the time the claim is finalized. If the inventory is not sold at the time the claim is finalized, the local market value on the first day of the month in which the claim is finalized will be used); and
Determine the allowable expenses from farm tax forms for the insurance year using the Allowable Expense Worksheet

- Determine allowable expenses for the insurance year on the Allowable Expense Worksheet:
  - Allowable expenses will be determined from information on the insured’s farm tax forms for the insurance year; and
  - If the insured uses a cash accounting method and prepay expenses and supplies to a greater extent than they have in the past, or if losses in the insurance period prevent them from paying or prepaying for expenses and supplies to the extent they have in the past, the company will adjust the expenses using accrual accounting methods, including adjustments for beginning and ending accounts payable, if applicable
WFRP - Claim for Indemnity Steps

To calculate the expense reduction factor we will:

- Divide allowable expenses by the approved expenses;
- If this result is equal to or larger than .70, there is no expense reduction
- If the result is less than .70, subtract the result from .70 to determine the expense reduction factor
- Multiply the result by the approved revenue to calculate the expense reduction dollar amount

- Complete an Inventory Report
- Complete an Accounts Payable and Receivable Report
- Transfer all applicable numbers to the Claim Form
- Make adjustments to the allowable revenue based on the instructions on the Claim Form
WFRP - Claim for Indemnity Steps

To calculate the revenue-to-count (continued):

- For all animals and other commodities purchased for resale, the amount calculated by:
  
  (A) Determining the expected value of the ending inventory on the last day of the insurance period;
  
  (B) Subtracting the cost basis of the commodities in the ending inventory from the result of (A);
  
  (C) Determining the expected value of the beginning inventory on the first day of the insurance period;
  
  (D) Subtracting the cost basis of the commodities in the beginning inventory from the result of (C); and
  
  (E) Subtracting the result of (D) from the result of (B)

(3) Adding to the result of (1) or (2), as applicable, any allowable revenue that is lost because commodities were damaged or destroyed by causes of loss not covered under this policy;

(4) Adding to (3) the expected revenue of any commodity that is abandoned;
To calculate the revenue-to-count (continued):

(5) Adding to the result of (4) any insurance indemnity received from an insurance policy covering commodity losses on the farm or for program payments from other programs such as disaster payments programs. The Non-insured Assistance Programs (NAP) are specifically not included in revenue-to-count because NAP payments may not be received if a WFRP indemnity is paid. For example, an insurance payment from a multiple peril policy for damage to any agricultural commodity would be included; and

(6) Adding to the result of (5) any gain from commodity hedging
WFRP - Claim for Indemnity Steps

(7) Applying the expense reduction factor to the approved revenue and multiplying the result by the coverage level; and

(8) Subtracting the revenue-to-count from that result
WFRP only covers revenue from commodities produced within the tax year.

**Accrual Adjustment on Claims Using Tax Form**

- **REMOVE** Commodities produced previous IY - sold
- **KEEP** Commodities produced during IY – sold
- **ADD** Commodities produced during IY – not sold

**Insurance Year Tax Form**

- Current IY commodities sold
- Previous IY (2015) commodities sold
- Current IY (2016) commodities not sold
WFRP - Claim for Indemnity Example

For example:

- Approved expenses of $100,000
- Allowable expenses for the insurance period of $68,000
- Approved revenue is $130,000 and elected a coverage level of 75 percent
- Insured revenue is $97,500
- Revenue to count is $25,000

Indemnity is calculated as follows:

- Allowable expenses of $68,000 fall below 70 percent of the approved expenses of $100,000
  - $68,000/$100,000 = 68 percent of approved expenses
  - 70 percent – 68 percent = .02 expense reduction factor
  - 130,000 * .02 = $2,600 expense reduction dollar

The expense reduction dollar amount is subtracted from the approved revenue

- $130,000 minus $2,600 = $127,400 * 75 percent coverage level = $95,550 insured revenue
- $95,550 minus $25,000 revenue to count = $70,550 indemnity paid
## Claim for Indemnity Report

### Claim for Indemnity Report

1. **Insurance**
   - **Year:** 2015
2. **State/County:** MI / Bay
3. **Policy Number:** xxxxxxxxx
4. **Claim Number:** xxxxxxx
5. **Insured Information:**
   - **I.M. Insured**
   - **Box 1**
   - **Anytown, USA, 11111**
   - **Phone:** 999.999.9999
   - **SSN:** xxx.xx.xxxx
   - **Person Type:** Individual
6. **Agency Information:**
   - **Agent Code:** XX
   - **I.M. Agent**
   - **Box 2**
   - **Anytown, USA, 11111**
   - **Phone:** 111.111.1111
7. **Companion Policy(s):** NONE
8. **Date of Damage:** July 2015
9. **Cause of Damage:** Drought
10. **Primary Cause (%):** 100
11. **Date(s) of Notice:** 8/1/2015

### Calculation of Claim

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>12. Allowable Expenses for Insurance Year</td>
<td>$4,311,156</td>
</tr>
<tr>
<td>13. Approved Expenses</td>
<td>$4,182,682</td>
</tr>
<tr>
<td>14. Expense Percentage (12/13)</td>
<td>1.03</td>
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<tr>
<td>15. Expense Reduction Factor</td>
<td>0</td>
</tr>
<tr>
<td>16. Approved Revenue</td>
<td>$6,067,578</td>
</tr>
<tr>
<td>17. Expense Reduction Dollar Amount (15 x 16)</td>
<td>0</td>
</tr>
<tr>
<td>18. Approved Revenue Adjusted for Expenses (16 – 17)</td>
<td>$6,067,578</td>
</tr>
<tr>
<td>19. Coverage Level</td>
<td>85%</td>
</tr>
<tr>
<td>20. Insured Revenue (18 x 19)</td>
<td>$5,157,441</td>
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<tr>
<td>21. Allowable Revenue for Insurance Year</td>
<td>$4,668,100</td>
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<tr>
<td>22. Inventory Adjustment</td>
<td>-3,375</td>
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<tr>
<td>23. Accounts Receivable Adjustment</td>
<td>0</td>
</tr>
<tr>
<td>24. Market Animal and Nursery Adjustment</td>
<td>0</td>
</tr>
<tr>
<td>25. All Other Adjustments</td>
<td>0</td>
</tr>
<tr>
<td>26. Revenue-to-Count (21+22+23+24+25)</td>
<td>$4,664,725</td>
</tr>
<tr>
<td>27. Revenue Loss (20 – 26)</td>
<td>$492,716</td>
</tr>
</tbody>
</table>

28. **Narrative:**
   - Item 22 = inventory adjustment from previous year apple production

29. **Date Insurance Year IRS Federal Income Taxes Filed:** 4/15/16
30. **Similar Damage on Other Farms in the Area?** YES
31. **Assignment of Indemnity?** NO
32. **Has the insured received a NAP payment from FSA?** No
WFRP - Claim for Indemnity – Amended Forms

If the farm tax forms used to determine the indemnity are amended before or up to three years after the claim is settled, or an IRS audit before or up to three years after the claim is settled indicates the amount of allowable revenue or allowable expenses on such forms was incorrect:

- The insured must notify the company and provide a copy of the amended farm tax forms or audit results; and
- The company will adjust the amount of any indemnity based on the information contained in the amended form, or the information found to be correct by the audit, if the amended forms result in a five percent or greater change in the approved revenue or revenue-to-count for the insurance year.
Replant Payment Eligibility Requirements

To be eligible for a replant payment:

- The damaged commodity must be an annual plant; and,
- Damage to the commodity must be due to an insured cause of loss; and,
- The company must agree it is practical to replant and give their consent to replant the commodity; and
- The acreage replanted must be at least 20 acres or 20 percent of the insured planted acreage, applied separately to each commodity to be planted; and.
- The producer must submit verifiable records showing their actual cost of replanting;
- The company may inspect the acreage prior to making the replant payment.
Replant Payment Eligibility Requirements (continued)

- The maximum amount of a replant payment will be the lesser of:
  - 20 percent of the expected revenue times the coverage level for the commodity as reported on the Farm Operation Report per acre; or
  - The actual costs of replanting per acre;
- No replant payment will be made if the company is unable to determine the producer’s actual cost of replanting.
- No replanting payment will be made on acreage on which one replanting payment has been made for the crop year.
- No replant payment will be made for any commodity on the farm operation that is also insured by another policy issued under the authority of the Act if replant payments are also available under the other policy.
Step 5 - Actual Farm Revenue for the Insurance Period

Determine 5 - year Whole-Farm Historic Average farm revenue

Determine 2015 expected crop revenue

Determine Approved Revenue

Decide what percentage of Approved Revenue to guarantee

Actual 2015 Insured Revenue Determined

Taxes Filed / Possible Claim

Loss Paid

<table>
<thead>
<tr>
<th>Crop</th>
<th>Acres</th>
<th>Per Unit</th>
<th>Unit</th>
<th>Price</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweet Corn</td>
<td>250</td>
<td>ac</td>
<td>9.5</td>
<td>ton</td>
<td>$105.00</td>
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<tr>
<td>Fuji Apples</td>
<td>120</td>
<td>ac</td>
<td>1000</td>
<td>box</td>
<td>$12.10</td>
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<tr>
<td>Granny Apples</td>
<td>50</td>
<td>ac</td>
<td>1050</td>
<td>box</td>
<td>$9.90</td>
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<tr>
<td>Potatoes</td>
<td>500</td>
<td>ac</td>
<td>550</td>
<td>cwt</td>
<td>$5.00</td>
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<tr>
<td>Hay (Other)</td>
<td>480</td>
<td>ac</td>
<td>5.5</td>
<td>ton</td>
<td>$265</td>
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<tr>
<td>Alfalfa</td>
<td>240</td>
<td>ac</td>
<td>7.5</td>
<td>ton</td>
<td>$205</td>
</tr>
</tbody>
</table>

Actual 2015 Revenue: $4,664,725
Step 6 – Calculate any Indemnity

- **Determine 5-year Whole-Farm Historic Average farm revenue**
- **Determine 2015 expected crop revenue**
- **Determine Approved Revenue**
- **Decide what percentage of Approved Revenue to guarantee**
- **Actual 2015 Insured Revenue Determined**
- **Taxes Filed / Possible Claim**
- **Loss Paid**

$6,067,578  Approved Revenue  
\[ \times 85\% \] Coverage level (deductible)  
5,157,441  Insured Revenue (Asset protection)  
-4,664,725  2015 Revenue to Count for insurance period  
$ 492,716  Revenue Loss (Indemnity payment)
WFRP Policy -Special Circumstances

- These special sections provide more information on topics that have special circumstances:

  Policy Section 44 Organic Commodities
  Policy Section 45 Post Production Operations and Added Value
  Policy Section 46 Animals and Animal Products Requirements
  Policy Section 47 Nursery and Greenhouse
WFRP - Conclusions

- Refer to WFRP Policy
- WFRP Pilot Handbook
- Email questions to: rma.WFRP@rma.usda.gov