

PM-17-009: Whole-Farm Revenue Protection (WFRP) and Catastrophic Risk Protection for Winter Type Wheat and Similar Commodities

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Date

February 17, 2017

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Richard H. Flournoy, Deputy Administrator /s/ Rodger M. Matthews 2/28/2017

Subject

Whole-Farm Revenue Protection (WFRP) and Catastrophic Risk Protection for Winter Type Wheat and Similar Commodities

Background

To ensure actuarial soundness, the Whole-Farm Revenue Protection (WFRP) policy is not available to producers with a Catastrophic Risk Protection (CAT) policy for any crop that would be insurable under WFRP. Questions have been raised regarding producers that have a CAT policy in effect for winter wheat in counties where spring wheat is not insurable and no wheat was planted during the planting period for winter wheat. The relevant section of the WFRP policy is stated below.

Section 3 of the WFRP Basic Provisions states the following:

3. Qualifying Person Criteria and Insurance Eligibility.

(c) Your farm operation will be ineligible for insurance under this policy and no coverage will be provided if:

(5) You elected CAT coverage for another policy offered under the authority of the Act that could provide coverage to any insurable commodity during the insurance period, whether acreage was planted or not;

Since no winter wheat was planted that is insurable by the CAT policy and the planting period for winter type wheat has passed, no coverage could be provided to a commodity insurable under the CAT policy thereby not impacting the WFRP during the insurance period. RMA is issuing clarification on the application of Section 3(c)(5) of the WFRP policy in the limited instance of a producer holding a CAT policy for a commodity in a county where the commodity can no longer be planted and therefore no coverage will be provided by the CAT policy for the 2017 crop year.

Action

For the 2017 crop year, in counties that offer insurance for a commodity where all final planting dates (including any late planting periods) have passed for all insurable types, Approved Insurance Providers (AIP's) may allow a person who has a 2017 CAT policy in effect to qualify for WFRP subject to the following conditions:

1. the producer has not planted the commodity on their farm operation for the 2017 crop year,
2. the producer has filed a bona fide zero acreage report by the applicable Acreage Reporting Date, and
3. the producer signs a cancellation of the CAT policy for the 2018 crop year prior to the WFRP sales closing date.

For counties where any type of the commodity may still be insurable if planted later in the crop year, a policyholder that has a CAT policy in effect will not be eligible for a WFRP policy because it is unknown whether the crop for which CAT coverage is in effect will be planted.

DISPOSAL

December 31, 2017, unless otherwise incorporated into procedure.