

RIGHT RISK™

RIGHT RISK NEWS

DATES TO REMEMBER

Crop Insurance Sign Up
(Most Spring Planted Crops)
 - March 15, 2015

For more information see:
<http://www.rma.usda.gov>
<http://www.fsa.usda.gov>

Updated Insurance: Whole Farm Revenue Protection

Starting with the 2016 insurance year, Whole Farm Revenue Protection (WFRP) will be available in every county in the nation. WFRP covers farm revenue from all commodities produced for the whole farm for the insured year. Some significant changes have recently been made to update WFRP for the coming year so it is worth taking the time now to review those changes and the major features of WFRP.

WFRP provides a risk management safety net under one insurance policy for the entire farm. It covers all commodities including livestock and specialty or organic crops. It covers up to \$8.5 million of revenue. Coverage levels range from 50 up to 85 percent in 5 percent increments. Examples of maximizing covered revenue at \$8.5 million would include 50 percent coverage on \$17 million of revenue or 85 percent coverage on \$10 million of revenue.



Coverage at 80 or 85 percent requires a *commodity count* of at least a three for eligibility. The WFRP *commodity count* is a calculation used to measure farm diversity. More diversified farms not only receive access to higher levels of coverage, they also receive higher premium subsidies. Premium subsidies on WFRP can be as high as 80 percent depending upon coverage level chosen and the commodity count for the producer taking out the policy.



WFRP provides great flexibility for organic and fruit and vegetable growers to establish a risk management safety net. Changes for 2016 have expanded this opportunity to parts of the country where it was not previously available and, as explained below, to more beginning producers, livestock producers, and producers in the process of expanding their operations.

Beginning Farmers and Ranchers: In general, five years of historical records plus farming records from the past year are required to participate in WFRP. For beginning farmers and ranchers, this requirement has now been reduced to three years of historical records plus farming records from the past year. In addition to this, beginning farmers and ranchers may meet this requirement by using the former farm operator's historical records if the beginning farmer or rancher has assumed at least 90 percent of the farm or ranch operation.

Livestock Producers: Livestock producers can now insure up to \$1 million of revenue from animals and animal products. Previously, producers who received 35 percent or more of their income from livestock production were ineligible for WFRP. That provision has been removed.

Expanding Operations: Expanding operations can now insure up to a 35 percent increase in revenue above their historical revenue to cover expected growth in operations and sales. Previously, this allowable increase was capped at 10 percent.



How Much Risk is Right for You?



RISK MANAGEMENT PROFILE

Four years ago, Dan and Kate were able to locate and purchase property outside of Anchorage, Alaska that would provide space for Dan to put his Agronomy degree to use growing crops and still be close enough to town to provide Kate with an easy commute to her teaching job in town. Dan has built up the farm into a profitable venture and they are now thinking about undertaking some serious upgrades to the property. Naturally risk averse, Dan wants to make sure they have a solid risk management plan in place before taking on additional debt. One of the programs that has Dan intrigued the most is the Whole Farm Revenue Protection (WFRP) insurance program offered by RMA.

To read more see: RightRisk.org > Resources > Risk Management Profiles

WHOLE FARM REVENUE PROTECTION CONTINUED FROM PG. 1

WFRP is well-suited for highly diversified farms selling into a specialty market or dealing with direct sales in farm identity preserved markets. These farms typically receive a premium for their product. These premiums would be reflected in their historical records and eligible for coverage under WFRP.

Producers interested in WFRP insurance for 2016 should visit the Risk Management Agency website (www.rma.usda.gov) or contact a local crop insurance agent. Sales closing dates for WFRP insurance for the calendar year 2016 are January 31, February 28, or March 15 depending upon county.



Conservation Reserve Program Sign-up

General enrollment for the USDA Conservation Reserve Program (CRP) is now open and runs through February 26, 2016. December 2015 marks the 30th anniversary of CRP, a federally-funded conservation program to assist farmers in establishing long-term, resource-conserving, plant species such as perennial grasses and trees that will help control erosion, and improve wildlife habitat and water quality on marginally productive agricultural lands.

Farmers receive annual rental payments for participating in CRP, in addition to cost-share assistance for the establishment of the plant species. Fixed rental payments from marginally productive land can complement income from other farming activities and enhance overall resilience for some farm operations uncomfortable with their current exposure to risk.

Farmers interested in CRP should contact their local Farm Service Agency (FSA) office. <http://www.fsa.usda.gov>

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RightRisk helps decision-makers discover innovative and effective risk management solutions.

RightRisk News is brought to you by the RightRisk Team

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How much risk is right for you and your operation?

Colorado State University Extension

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