Volume 5, Issue 12

December 2017

RightRisk™

Dates to Remember

Annual Forage (spring planted):
- December 15th

Margin Protection Program (MPP) - Dairy Deadline to enroll
- December 16th

Spring-planted crops sales deadline:
- March 15, 2018

Spring-planted crops sales deadline:
- March 15, 2018

Noninsured Crop Disaster Assistance Program (NAP)
Deadline for springseeded forage and all other crops
- April 1, 2018

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

How Much Risk is Right for You?

RightRisk News

Whole Farm Risk Management

Whole Farm Revenue Protection (WFRP) insurance was created by the Agricultural Act of 2014. It has been available for purchase since the 2015 crop year. Since then, each year has brought updates to the program. In 2016, the USDA Risk Management Agency expanded WFRP availability to every county in the nation.

As summarized in RightRisk News - December 2015, the 2016 crop year brought increased access to WFRP for beginning producers, increased coverage limits for livestock producers, and increased ability to cover expected growth in operations and sales. The 2018 crop year brings only minor adjustments to WFRP.

Table 1. 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%

WFRP offers a risk safety net via a single 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. Premium subsidies range from 55 up to 80 percent of the total premium collected, depending upon coverage level and farm diversification (Table 1). Farm diversification is rewarded in the form of a higher subsidy level because the farm is pooling production and market risk across multiple commodities.

WFRP coverage is based on a Whole Farm History Report completed using 5 years of Internal Revenue Service - Schedule F or other farm tax forms. For the 2018 policy year, 2012-2016 tax forms are required. Unless an operation is a late fiscal year vfiler, sales closing dates for WFRP are the same as other spring crop sales closing dates applicable for the county and will be January 31, February 28 or March 15.

New for 2018, late fiscal year filers now have a sales closing date of November 20 for WFRP. An Intended Farm Operation Report is completed at the time of enrollment to outline intended production plans, a Revised Farm Operation Report is due for all insured commodities on July 15 to update production plans; premiums are due August 15. Late fiscal year filers previously followed alternative due dates for the Revised Report and premiums, for 2018 and beyond that is no longer the case.

Since its inception, WFRP has been most popular in the Northwest U.S. and California, but sales have been growing throughout the U.S. (Table 2). WFRP is well suited for highly diversified farms selling into specialty markets or via direct sales in farm identity-preserved markets. These farms

Applied Risk Analytics

Machinery and equipment is often one of the largest expense categories for a farm or ranch operation. Many producers do not know their machinery and equipment cost for a given activity. Some expenses, such as fuel, repair, and other general costs are fairly easy to quantify; calculating individual expenses for a given machine and field activity is more difficult. Incorrect assumptions about expenses could negatively affect the bottom line. The *Machine Risk Calculator* can help estimate rates for custom field operations and individual machinery costs. The tool will also estimate the risk sensitivity of those costs to changes in various factors.

For More Information on the *Machine Risk Calculator*, see RightRisk.org > Resources > Risk Management Tools.
For more *Applied Risk Analytics*, see RightRisk.org > Resources > Applied Risk Analytics.

Whole Farm Risk Management continued from pg. 1

Table 2. WFRP Sales (top 5 ordered by 2017 sales).

State	# of WFRP Policies Sold		
	2015	2016	2017
Washington	578	696	781
Idaho	142	279	278
California	28	143	169
Oregon	99	125	137
Michigan	22	84	129
Other States	257	904	1293
U.S. TOTAL	**1126**	**2231**	**2787**

typically receive a premium for their product without available commodity-specific insurance.

Other situations where WFRP may be a good fit include organic production or specialty-crop sales where quality is rewarded in the market place. For example, hay producers that sell directly to a dairy at a premium price for high quality hay meeting specific standards.

The Expected Value section of the policy is used to establish the price anticipated for each commodity, including marketing contracts and past sales history. New for 2018, if a marketing contract becomes effective after the Intended Farm Operation Report is submitted, the Expected Value may be revised to reflect the price contained in the marketing contract for the portion of production under contract.

Nationally, WFRP premium subsidies have averaged about 70 percent (Table 3). For 2015-16, about 30 percent of policies earning a premium have been indemnified, with a loss ratio running about 30 percent above the total premium collected.

Producers interested in WFRP insurance for 2018 should visit the Risk Management Agency website (**www.rma.usda.gov**) and contact a crop insurance agent for details.

Table 3. WFRP: National Summary by Year.

Year	Policies Earning Premiums	Policies Indemnified	% Indem.	Total Liabilities (millions)	Total Premium (millions)	Subsidy (millions)	Avg. % Subsidy
2015	1,122	338	30%	$1,146	$53	$38	71%
2016	2,193	638	29%	$2,332	$119	$84	70%
2017	2,718	N/A	N/A	$2,869	$147	$104	71%

RightRisk™

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

- Education
- Coaching
- Research

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RightRisk News is brought to you by the RightRisk Team

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How much risk is right for you and your operation?