Whole Farm Revenue Protection (WFRP)

HOW DOES IT WORK?

- WFRP is a federal crop insurance policy that insures farm revenue only
- A claim is paid when you have a revenue loss
- All commodities on the farm are insured under one policy
- Insurable revenue is calculated using the insured's farm revenue listed on tax form Schedule F (based on a five year average)
- Acts as an umbrella to the Multi-peril Crop Insurance Policy (MPCI)
- Payable claims are based on the revenue listed on the filed tax return for the crop year insured

WHAT ARE THE BENEFITS?

- Provides higher level of "gap" coverage
- WFRP insures the organic price that is listed on the contract (works extremely well for farms transitioning to organics). In some cases, this can be a $2 to $5 difference in coverage per bushel
- Insures commodities that are not insurable under traditional crop insurance
- Provides coverage on crops that are double cropped where MPCI will not (for example, planting soybeans after green peas)
- Higher levels of coverage at an affordable rate (farms with more than 2 commodities receive 80% subsidized premium)
- Receive an additional premium reduction if you have a MPCI policy in place
- Provides revenue coverage Lenders require—especially if commodity is not insurable under MPCI
- If you receive a lower price for your grain due to quality, WFRP will cover the revenue loss whereas MPCI may not
- If contracts are in place, the contract price trumps the MPCI price

WHO DOES THIS WORK WELL FOR?

- Farms transitioning to organics
- Farms with more than two commodities
- Farms with commodities not insurable under traditional MPCI

WHO DOESN'T THIS WORK WELL FOR?

- Farms that have less than 3 years of tax records
- Entities who own the land but do not have a share in the crop

WHY AREN'T AGENTS TALKING ABOUT THIS PRODUCT?

- WFRP is a relatively new product which has not been widely adopted by all agents
- Because of additional paperwork the agent is required to complete, WFRP can be time consuming for the agent
- WFRP is a more complex product because it's underwritten and priced off tax returns, requiring technical proficiency relative to other traditional MPCI products
- Possible loss in agent commissions due to lower premiums

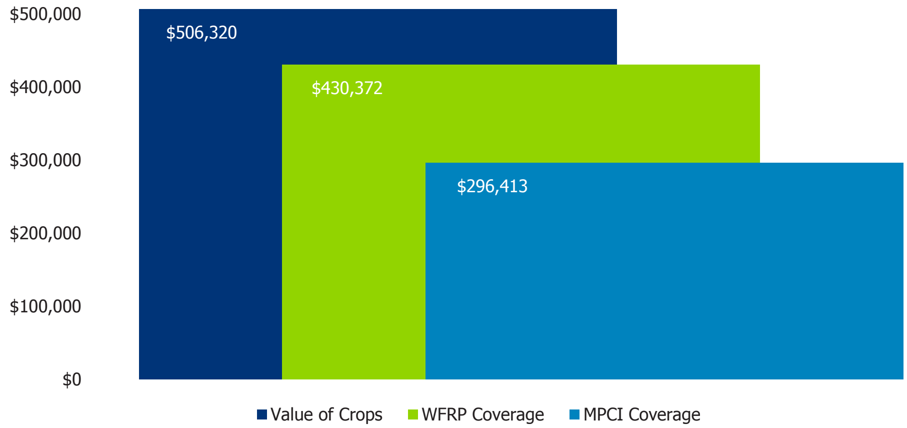
COMPARISON EXAMPLE

Crop	No. of Acres Quoted	MPCI Price	Contract Price	Avg. Yield per Acre	MPCI Value of Crop	Value of All Commodities
Corn	400	$3.96	$3.96	180	$285,120	$285,120
Corn—Organic	50	$3.96	$10.00	106	$20,988	$53,000
Oats—Organic	50	$4.80	$10.00	44	$10,560	$22,000
Wheat	100	$5.08	$5.08	50	$25,400	$25,400
Wheat—Organic	100	$10.16	$11.00	28	$28,448	$30,800
Rye—Organic	225	N/A	$10.00	40	$ 0	$90,000
				TOTAL	**$416,320**	**$506,320**

Total value of all commodities: $506,320		
	MPCI	WFRP
Insurable Commodity Value	$416,320	$506,320
Coverage Elected	-$296,413	-$430,372
Total Not Insured	$209,907*	$75,948

*Total value of all commodities less coverage elected

MPCI commodity value does not include uninsurable commodities or increased values from crop contracts



CLAIM EXAMPLE

Average yield x coverage level = coverage amount — *$800,000 x .85 = $680,000*

Coverage amount - revenue reported on taxes = revenue loss — *$680,000 - $600,000 = $80,000*

THE LOCKTON DIFFERENCE

PROVIDING CREATIVE WAYS TO CUSTOMIZE INSURANCE PRODUCTS THAT FIT YOUR FARMING OPERATION.

LOCKTON®

lockton.com