

# NEW OPTION FOR FARM RISK MANAGEMENT: WHOLE FARM REVENUE PROTECTION USAGE IN NEBRASKA



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with support from CORA FOX  
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New option for farm risk management:  
Whole Farm Revenue Protection usage in Nebraska

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## CONTENTS

|    |   |
|----|---|
| 1  | I. Introduction                                       |
| 3  | II. How does WFRP work?                               |
| 5  | III. Potential for WFRP usage in Nebraska             |
| 7  | IV. WFRP awareness in Nebraska                        |
| 8  | V. Findings   |
| 11 | VI. Recommendations to increase participation in WFRP |
| 13 | VII. Conclusion                                       |

## TABLES

|   |  |
|---|--|
| 2 | Table 1. Participation in WFRP in Nebraska and surrounding states                            |
| 4 | Table 2. Number of farms and acres producing various crops and livestock in Nebraska in 2012 |
| 5 | Table 3. Total acres and acres covered: select Nebraska crops in 2012 and 2016               |
| 6 | Table 4. Value of sales in Nebraska in 2012 for select crops                                 |
| 8 | Table 5. WFRP survey respondent demographics   |
| 8 | Table 6. Survey results on familiarity with WFRP   |

## APPENDIX

|     |   |
|-----|---|
| A.1 | Fact Sheet: Whole Farm Revenue Protection |
|-----|---|



# I. INTRODUCTION

For many years, farmers across the country have purchased crop insurance policies as a way to manage the risk of a yield or income loss, and have done so for many years. However, crop insurance has stepped into the spotlight as the highest costing federal farm program, at about \$8 billion a year.

Despite the size of the program, crop insurance has not been available for many types of crops. In 2015 and 2016, 90 percent of crop insurance premiums covered only 10 crops,<sup>1</sup> forcing commodity farmers who wished to experiment or diversify to do so without insurance. Other producers, such as farmers who grow vegetables or certain small grains, cannot buy insurance.

Often, coverage is available for a crop only on a regional basis. For example, in 2017, a policy was available for apples in 10 counties in Missouri and two counties in Minnesota, but nowhere in Iowa, Kansas, or Nebraska – even though each of those states reported apple production in the previous Census of Agriculture.<sup>2</sup> Organic crop insurance is also limited, and many farmers have only been able to insure their higher-priced, organic commodities at the lower value of their conventional counterparts. This lack of availability often has to do with

how crop insurance policies are calculated. As with other insurance, a crop is protected based on its value.

Unlike home or car insurance, where insurance is purchased on property that an individual already owns, a farmer purchases insurance on a crop before it is grown and harvested. Therefore, previous yield history is used to calculate the predicted value of a crop. For example, in a county where corn production is historically 150 bushels per acre, a farmer is more likely to buy insurance on an expected crop of 150 bushels per acre rather than on an expected crop of 200 bushels per acre.

However, basing policies on yield history means less common crops are often uninsured. For example, in 2012, there were 22 Nebraska farms that raised safflower in nine of Nebraska's 93 counties.<sup>3</sup> Insurance agents and companies cannot make a reasonable prediction on an expected safflower yield in a county with only one farmer who plants safflower. Farmers and ranchers who wish to diversify their production and rely on crop insurance as a risk management tool are less likely to raise and market uncommon crops.

A new crop insurance product designed to address these concerns and expand coverage for farmers and ranchers is Whole Farm Revenue Protection (WFRP). WFRP was created by the Agricultural Act of 2014, also commonly known as the 2014 farm bill.<sup>4</sup> Up to \$8.5 million of an operation's revenue can be covered through WFRP, providing farmers

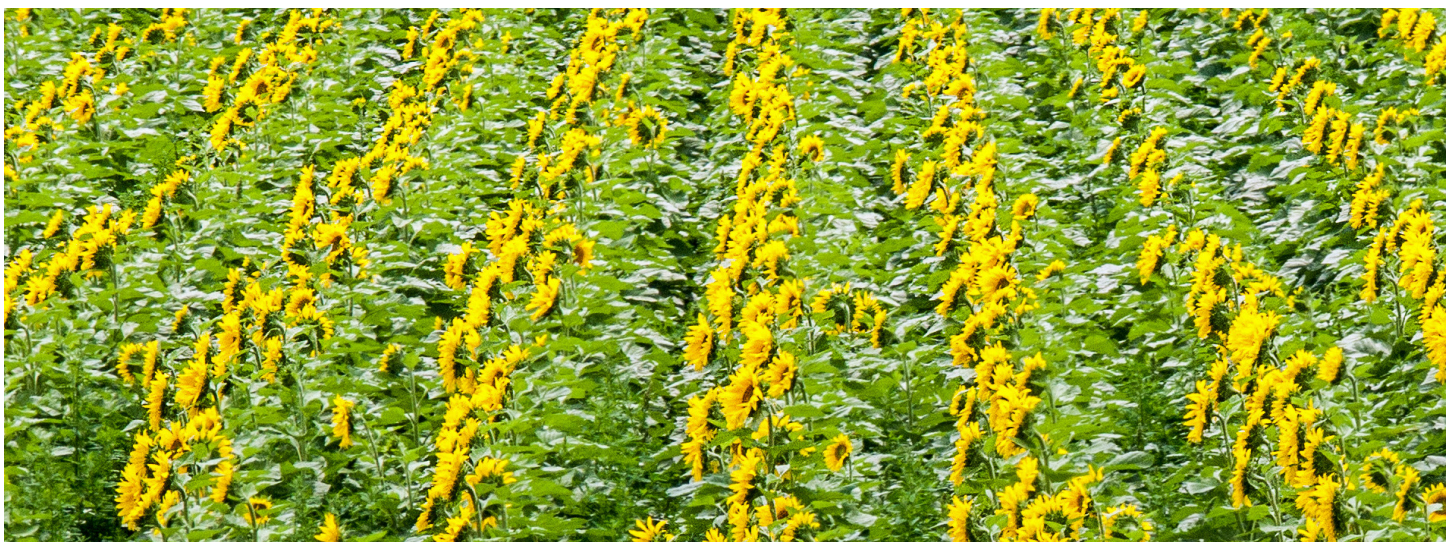
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1 U.S. Department of Agriculture, Office of Inspector General. April 2015. "Risk Management Agency National Program Operations Reviews." <http://www.usda.gov/oig/webdocs/05601-0001-22.pdf> Accessed July 20, 2017.

2 U.S. Department of Agriculture, Census of Agriculture. May 2, 2014. "2012 Census Full Report." <https://www.agcensus.usda.gov/Publications/2012/>

3 Ibid.

4 Agricultural Act of 2014. 7 U.S.C. § 1522. 2014.



and ranchers with the option to insure more crops and livestock, ranging from corn and soybeans, to pumpkins and berries.

Another feature of WFRP is that it rewards diversification. WFRP, like all crop insurance, is subsidized by the government, and farmers can qualify for a higher subsidy level if they produce more than one commodity on their farm. A farmer raising corn, soybeans, and cattle could qualify for the same higher subsidy level as a farmer raising goats, vegetables, and tree fruit.

Table 1 shows participation in WFRP in Nebraska and surrounding states for the three years that WFRP has been available.

The product was preceded by AGR-lite, a more limited program with lower revenue coverage and a lower subsidy level.

## CROP INSURANCE AND LENDING

Many banks require proof of crop insurance before they will consider offering a loan to a farmer or rancher. WFRP allows more farmers and ranchers to insure their crops and livestock, creating a pathway to access credit and grow their businesses.

**TABLE 1. PARTICIPATION IN WFRP IN NEBRASKA AND SURROUNDING STATES**

| State             | WFRP policies sold |              |              | Total liabilities      |                        |                        |
|-------------------|--------------------|--------------|--------------|------------------------|------------------------|------------------------|
|                   | 2015               | 2016         | 2017*        | 2015                   | 2016                   | 2017*                  |
| Colorado          | 10                 | 43           | 126          | \$9,579,614            | \$44,721,593           | \$81,035,327           |
| Iowa              | 2                  | 22           | 26           | \$492,091              | \$10,043,549           | \$10,536,025           |
| Kansas            | 1                  | 19           | 24           | \$657,792              | \$17,613,297           | \$20,234,421           |
| Missouri          | 2                  | 29           | 35           | \$1,549,899            | \$14,880,594           | \$20,272,068           |
| North Dakota      | –                  | 15           | 46           | –                      | \$23,746,352           | \$30,331,787           |
| Nebraska          | 1                  | 10           | 27           | \$1,534,615            | \$8,426,913            | \$22,721,340           |
| South Dakota      | 4                  | 36           | 101          | \$1,022,269            | \$15,249,286           | \$46,207,454           |
| Wyoming           | 8                  | 7            | 9            | \$4,708,001            | \$1,958,321            | \$3,230,167            |
| <b>U.S. total</b> | <b>1,126</b>       | <b>2,227</b> | <b>2,755</b> | <b>\$1,142,856,937</b> | <b>\$2,331,617,711</b> | <b>\$2,559,281,428</b> |

\*As of July 17, 2017.

## II. HOW DOES WFRP WORK?

**Revenue insurance:** Crop insurance options generally allow farmers to insure either the expected yield or the expected revenue of a particular crop. However, unlike other revenue insurance products that are crop-specific, WFRP insures the revenue of the entire operation. Because each farm is different, producers are required to prove revenue history to purchase WFRP.

For example, if a farmer raises corn, soybeans, and cattle, they could insure their predicted revenue from corn, soybean, and cattle sales using WFRP. After harvest, they can file a claim if their overall revenue for the year is lower than expected. Because WFRP is a revenue product, if one crop fails and another does unexpectedly well, and overall revenue is as expected, the producer cannot file a claim because revenue was not impacted.

Under WFRP, a farmer can cover up to \$8.5 million in revenue for the operation. Coverage for livestock and nursery products is limited to \$1 million.

**Coverage levels:** Farmers and ranchers can purchase WFRP policies that cover losses between 50 percent and 80 percent of revenue.

**Proof of revenue:** Farmers are required to show five years of Schedule F<sup>5</sup> tax forms to demonstrate previous annual revenue.

**Reward for diversification:** One way to manage risk, both in farming and in other business arenas, is to diversify. Producers with three or more commodities are eligible for 85 percent of their crop insurance premium to be subsidized by the government.

**Coverage for previously uninsurable crops:** Even if a farmer is the only person in their region producing a particular commodity, WFRP can still cover it. This includes small grains, organic products, fruits, vegetables, and livestock.

**Beginner availability:** WFRP is available to beginning farmers who can prove three consecutive years of revenue history.

**Fitting in with existing crop insurance products:** Many Nebraska farmers raise corn, soybeans, and a third uninsured product. These producers can add

WFRP to an existing insurance package to cover the third crop. When filing a claim under one of their other insurance policies, any indemnity payments received will count toward the covered revenue of WFRP.

Catastrophic coverage, or coverage for total losses, is not offered under WFRP, but is available in other insurance policies that farmers can purchase at the same time.

Readers interested in additional details should consult the Risk Management Agency website and/or their crop insurance agent.

### CROP INSURANCE BASICS

Crop insurance is offered through a public-private partnership between the U.S. Department of Agriculture and crop insurance companies. The Risk Management Agency, an arm of the U.S. Department of Agriculture, provides administration and oversight. Crop insurance companies receive compensation for offering crop insurance. Insurance agents sell the crop insurance policies to farmers.

There are two important numbers to know when talking about crop insurance: the coverage level and the premium subsidy level. The coverage level indicates the percent of crop loss that would allow a farmer to file for an indemnity. For example, at a 70 percent coverage level on crop yields, a farmer cannot file a claim for an indemnity payment on a yield loss until 70 percent of the expected yield was actually lost.

The premium subsidy level indicates the portion of the crop insurance policy cost paid by the government. The subsidy level changes based on the coverage level and the insurance plan. On average, the government pays about 60 percent of crop insurance premium costs.<sup>6</sup>

5 U.S. Treasury, Internal Revenue Service. 2016. Form 1040, Schedule F: Profit or Loss from Farming. <https://www.irs.gov/pub/irs-pdf/f1040sf.pdf>

6 Congressional Budget Office. Nov. 20, 2014. "Reduce Subsidies in the Crop Insurance Program." <https://www.cbo.gov/budget-options/2014/49503>



**TABLE 2. NUMBER OF FARMS AND ACRES PRODUCING VARIOUS CROPS AND LIVESTOCK IN NEBRASKA IN 2012**

| Crop   | Number of farms | Acres  |
|--|-----------------|--------|
| Vegetables harvested for sale                      | 478             | 26,001 |
| Pumpkins   | 167             | 845    |
| Potatoes   | 208             | 22,823 |
| Sweet corn   | 167             | 846    |
| All fruits   | 328             | 977    |
| Grapes   | 210             | 572    |
| Tree nuts  | 56              | 309    |
| Berries  | 140             | 144    |
| Cut Christmas trees and short-rotation woody crops | 77              | 805    |
| Greenhouse vegetables and fresh cut herbs          | 110             | N/A    |
| Floriculture crops                                 | 199             | N/A    |
| Oats   | 476             | 17,788 |
| Rye  | 140             | 6,837  |
| Dry edible peas                                    | 43              | 6,644  |
| Barley   | 26              | 1,731  |
| Safflower  | 22              | 2,992  |
| Tritcale   | 16              | 1,324  |
| Canola   | 3               | 90     |
| Sheep, goats, wool, mohair, and milk               | 2,008           | N/A    |
| Horses, ponies, mules, burros, and donkeys         | 1,985           | N/A    |
| Aquaculture  | 31              | N/A    |
| Bison  | 53              | N/A    |
| Honey  | 238             | N/A    |



### III. POTENTIAL FOR WFRP USAGE IN NEBRASKA

While Table 1 shows that WFRP participation is lower in Nebraska than in many other surrounding states, tables 2, 3, and 4 outline figures demonstrating there is wide diversity of Nebraska agricultural production. However, many of the crops and livestock listed were previously uninsurable.

Table 2<sup>7</sup> shows the number of farms and acres devoted to diverse production in Nebraska agricul-

7 U.S. Department of Agriculture, Census of Agriculture. May 2, 2014. "2012 Census Full Report." <https://www.agcensus.usda.gov/Publications/2012/>

ture, while Table 3<sup>8,9</sup> shows how few of those crops and livestock were covered by individual policies in 2012 (the year of the latest Census of Agriculture)

8 U.S. Department of Agriculture, Risk Management Agency. "Summary of Business, Report Generator." <https://prodwebnlb.rma.usda.gov/apps/SummaryofBusiness/ReportGenerator> Accessed July 20, 2017.

9 The full list of crops and livestock covered by crop insurance in 2012 and 2016 in Nebraska includes: annual forage (2016 only), apiculture, barley, cattle, corn, dairy cattle (2016 only), dry beans, dry peas, fed cattle, feeder cattle, forage production, forage seeding, fresh market sweet corn, grain sorghum, grapes, hybrid corn seed, lamb, millet, nursery (FG&C), oats (pasture, rangeland, forage), popcorn, potatoes, rye, safflower, soybeans, sugar beets, sunflowers, swine, and wheat. WFRP policies were also sold in 2016.

**TABLE 3. TOTAL ACRES AND ACRES COVERED: SELECT NEBRASKA CROPS IN 2012 AND 2016**

| Crop            | Total acres in 2012 | Acres covered by crop insurance in 2012 | Acres covered by crop insurance in 2016 |
|-----------------|---------------------|---|---|
| Potatoes        | 22,823              | 13,127                                  | 11,524                                  |
| Sweet corn      | 846                 | 236                                     | 46                                      |
| Grapes          | 572                 | 11                                      | 32                                      |
| Oats            | 17,788              | 9,898                                   | 12,348                                  |
| Dry edible peas | 6,644               | 2,017                                   | 35,024                                  |
| Barley          | 1,731               | 1,442                                   | 2,950                                   |
| Rye             | 6,837               | 250                                     | 427                                     |
| Safflower       | 2,992               | 93                                      | 108                                     |
| Apiculture      | 238 (farms)         | 1 policy sold for 48 colonies           | 14 policies sold for 6,394 colonies     |

and in 2016. Table 4<sup>10</sup> shows the value of production of several of these crops (where data were available).

While Nebraska is a national leader in corn, soybean, cattle, and other agricultural production, these tables show that hundreds of farms and acres produce a wide variety of crops and livestock, ranging from sweet corn to safflower to Christmas trees, with production of millions of dollars. Table 3 shows that much of this production is not currently covered by individual crop insurance policies. Many of the farmers and ranchers producing these commodities might benefit from purchasing WFRP policies.

In addition, organic production is not shown in these tables, and WFRP can be used to cover these commodities. In 2014, 170 certified organic farms in Nebraska produced nearly \$40 million in sales.<sup>11</sup> While crop insurance for organic products has expanded, it is still not available for many organic products. WFRP is a useful insurance option for these producers.



10 U.S. Department of Agriculture, Census of Agriculture. May 2, 2014. “2012 Census Full Report.” <https://www.agcensus.usda.gov/Publications/2012/>

11 Ibid.

**TABLE 4. VALUE OF SALES IN NEBRASKA IN 2012 FOR SELECT CROPS**

| Crop  | Sales                |
|---|----------------------|
| Vegetables harvested for sale (includes pumpkins, sweet corn, potatoes, and others) | \$101,141,000        |
| Fruits, tree nuts, and berries  | \$3,157,000          |
| Barley  | \$361,000            |
| Cut Christmas trees and short-rotation woody crops                                  | \$1,027,000          |
| Floriculture crops  | \$11,886,000         |
| <b>Total</b>  | <b>\$117,572,000</b> |



## IV. WFRP AWARENESS IN NEBRASKA

While many producers might benefit from purchasing WFRP, participation is still low in Nebraska, as shown in Table 1 on page 2. Because not many farmers were using this product, we decided to investigate barriers to participation through outreach, education, and data collection activities.

### Outreach

The Center for Rural Affairs conducted numerous forms of outreach to the Nebraska agricultural community about risk management and WFRP.

- **Workshops.** We conducted four educational workshops for farmers on WFRP in Tekamah, Ord, Lincoln, and Norfolk, during January and February 2017. At each workshop, we presented basic information about WFRP, then heard from a crop insurance agent with experience selling WFRP and from a Nebraska farmer who has previously purchased WFRP. Participants completed an evaluation form to indicate what they learned about crop insurance and WFRP from the workshop. Results from these evaluations are described below.<sup>12</sup> Workshop participants included:
  - » 23 percent beginning farmers;
  - » 69 percent small or mid-size farmers;
  - » 31 percent women farmers; and
  - » 8 percent specialty crop farmers.

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12 Some farmers are reported in multiple categories.

- **Fact sheet.** We developed a fact sheet about WFRP that we distributed at various outreach events. The fact sheet is shown on page A1.
- **Media.** We released several media pieces about WFRP.

### Data collection

After these various outreach and educational activities, we conducted numerous follow-up data-gathering actions to further investigate farmers' knowledge and understanding of WFRP and barriers to participation.

- **Survey.** We developed and distributed a survey to gauge Nebraska farmers' knowledge of and interest in WFRP, and received 37 responses.
- **Farmer interviews.** We conducted follow-up calls with workshop attendees to determine interest in WFRP and discuss perceived barriers to participation. We conducted similar phone interviews with farmers in our network who had not participated in the workshops.
- **Insurance agent interviews.** We called 10 agents based in the areas where the workshops were held to inquire about their knowledge of WFRP and whether they had seen increased interest in WFRP.

From this work, we examined why enrollment has been low, and what work can be done to increase enrollment.



## V. FINDINGS

### Survey data

Our survey received 37 responses. Table 5 shows the demographics of respondents. Of these 37, 15 people had previously purchased some form of crop insurance, and 22 had not. Of the 22 respondents who had not purchased any form of crop insurance, 15 gave a reason for not doing so. These included:

too expensive, perception that crop insurance only serves commodity growers and is not a good fit for their operation, and that crop insurance was overall too complicated.

In addition to asking about familiarity with crop insurance in general, the survey asked about respondents' familiarity with WFRP, as shown in Table 6. The survey indicated 72 percent of respondents had either never heard of WFRP or reported knowing little.

**TABLE 5. WFRP SURVEY RESPONDENT DEMOGRAPHICS**

| Demographic*   | Number | Percent |
|--|--------|---------|
| Specialty crop farmer  | 9      | 24%     |
| Commodity farmer   | 10     | 27%     |
| Livestock producer   | 17     | 46%     |
| Beginning farmer   | 4      | 11%     |
| Small or mid-size farmer   | 22     | 59%     |
| Woman farmer   | 10     | 27%     |
| Crop insurance agent   | 1      | 3%      |
| Other (answers included academic, certified organic producer, educator, health director, librarian, nonprofit, and others) | 9      | 24%     |

\*Some respondents are reported in multiple categories.

**TABLE 6. SURVEY RESULTS ON FAMILIARITY WITH WFRP**

| How familiar are you with WFRP?*        | Number    | Percent     |
|---|-----------|-------------|
| Never heard of it                       | 13        | 36%         |
| Heard of it but don't know much         | 13        | 36%         |
| Have researched it but not purchased it | 8         | 22%         |
| Have purchased it                       | 2         | 6%          |
| <b>Total</b>                            | <b>36</b> | <b>100%</b> |

\*One respondent did not answer this question.



Eight survey respondents had researched WFRP but had chosen not to purchase it. They reported several reasons for not doing so, including:

- Difficulty in understanding WFRP;
- Other crop insurance products better served their needs;
- Too costly;
- WFRP does not cover loss from chemical spray drift; and
- WFRP does not fit their operation.
  - » One respondent has a complex rotation in their planting beds and reacts to losses by replanting.
  - » Another reported that they “use Chicago Mercantile Exchange traded commodities.”

Two respondents had purchased WFRP, and reported using it to cover corn, soybeans, and wheat crops. They reported no trouble identifying an agent to help them purchase their policy and were satisfied with their WFRP coverage.

## Workshops and farmer interviews

Qualitative findings were gleaned from conversations we had with farmers and ranchers about WFRP, including participating in conversations during our workshops, initiating follow-up conversations with workshop participants, providing helpline services, and soliciting input from farmers and ranchers within our network.

Some of the farmers we spoke with were familiar with WFRP and identified several benefits. Many more producers, however, were either unfamiliar with WFRP altogether or did not know very much about applying it to their operations.

Some of the identified benefits and questions WFRP farmers shared with us include:

- **Benefit:** *WFRP provides increased access to credit.* Some farmers pointed out having crop insurance is often a prerequisite for receiving a loan, and WFRP could increase producers’ access to credit.
- **Benefit:** *WFRP allows for experimentation and further diversification.* Because WFRP can insure the revenue of the whole operation instead of specific crops, some farmers indicated it provides greater freedom to experiment with additional crops.
- **Benefit:** *WFRP provides greater flexibility in conservation.* Some farmers appreciated that because WFRP insures revenue, it provides greater flexibility to implement conservation practices.

In addition to these benefits, farmers raised several questions about WFRP, all of which we worked to answer during our conversations with them. Several recurring questions and concerns include:

- **What is it?** Many producers we spoke with had never heard about WFRP before.
- **How can WFRP be used with my existing crop insurance?** Producers consistently stated they did not fully understand how WFRP could benefit their current risk management strategy.



- **Is WFRP for “my type of farm?”** A frequent misconception about WFRP was that it could not provide coverage for conventional operations such as those with corn, soybeans, and some livestock.
  - » Other farmers, specifically some of the diversified vegetable farmers we spoke with, stated they maintain diverse crops as its own form of risk management, and they did not think crop insurance, even WFRP, would be helpful for their risk management strategies.
- **Is my farm big enough for WFRP to make sense?** Many of the specialty crop producers felt they were “too small” to begin insuring revenue from their production. We advised farmers and ranchers to work with a crop insurance agent to determine whether this was, in fact, the case.
- **Can WFRP help me if I am growing my operation and expect my revenue to increase?** Not all producers were aware that WFRP can be used to cover a growing operation.
- **Is WFRP a complicated policy to purchase?** Some farmers were concerned about learning the paperwork of a new program. While there is a learning curve with any new insurance product, paperwork can be relatively straightforward for many operations with the needed documentation of revenue history.
- **Reluctance to share tax information.** Some producers stated they were uncomfortable with sharing tax forms with insurance agents in order to sign up for WFRP. We emphasized that this information is similar to documentation shared with a lender to secure a loan.
- **Can I replant in a field where I have filed a claim under WFRP?** One of the WFRP policy holders we spoke with expressed the need for greater clarity on what losses were covered and how to handle continued operations after experiencing a covered loss.
- **Will I be able to find a crop insurance agent knowledgeable about the program?** We referred farmers and ranchers to Risk Management Agency’s Crop Insurance Locator tool. We anticipated this would be a common question, so we also interviewed insurance agents about their familiarity with WFRP.

## Insurance agent findings

In our interviews with insurance agents, we discussed their familiarity with WFRP and details about their work with it. While a few agents had sold WFRP policies, the majority of those we spoke with had not.

Some of the common themes that emerged from our conversations included:

- **WFRP offers a business opportunity for agents.** Agents who had sold WFRP policies indicated they appreciated the opportunity for additional business.
- **Agents are still unfamiliar with WFRP.** Unfamiliarity with WFRP is likely linked to institutional barriers identified above. For example, they either were unaware of WFRP as a whole, or were not aware it could be used on commodity operations. At least one insurance agent noted that WFRP policies can be difficult to write, which serves as a disincentive in selling them.
- **Agents don’t see high demand for WFRP in their area.** Many of the insurance agents interviewed cited a lack of demand from producers as a key reason they were not selling policies. One stated their producers were satisfied with current crop insurance offerings.
- **Agents identified farmer difficulties in using WFRP.** One insurance agent pointed out that the timing of filing claims on WFRP follows the tax year rather than the crop year, a later schedule than other policies. This can create difficulties for farmers who are used to their insurance corresponding to the crop year.
- **Institutional barriers to offering WFRP remain.** Despite the opportunity for business growth, several agents pointed out various barriers within the crop insurance companies that underwrite their policies. These have slowed promotion and sale of WFRP. For example, some agents pointed to a perception that WFRP may be a temporary program and might not be renewed in the next farm bill. Because of this, not all underwriting companies have significantly invested in agent training and supporting software.



## VI. RECOMMENDATIONS TO INCREASE PARTICIPATION IN WFRP

From our outreach work and from these investigations, we have several recommendations that would encourage greater participation in WFRP in Nebraska, including improving outreach and education and enhancing insurance agent training.

### Recommendations for farmer outreach and education

**Year-round outreach to raise awareness.** Lack of farmer knowledge about WFRP was evident in our outreach work and in our discussions with crop insurance agents. Because farmers and ranchers must have some understanding of WFRP before working with an agent during the sign-up season (January through March), more general outreach is needed from April to December. Outreach should cover the sign-up process and deadlines, how WFRP can be used to insure growing operations, and what losses are covered.

### **Additional outreach during the sign-up period.**

Because farmers and ranchers must provide revenue history, enrollment cannot begin until after revenue has been calculated for the previous year. In other words, farmers and ranchers cannot realistically enroll in WFRP until January at the earliest. Education during the sign-up period (January through March) would increase sign-up.

**Targeted outreach is needed.** Because farmers and ranchers can benefit from WFRP in different ways, targeted outreach is needed. Specific audiences to focus on include:

- **Established farmers who already purchase crop insurance.** Outreach to these farmers should emphasize that WFRP can be used on conventional commodity operations and that it can integrate with other crop insurance products.
- **Farmers who can use WFRP to cover crops or livestock that were previously uninsurable.** This includes specialty crop farmers, alternative livestock producers, and others. Outreach





should include information about how to find a crop insurance agent, where to learn more about crop insurance and WFRP, and how crop insurance can provide them with increased access to credit.

- **Beginning farmers.** Outreach to beginning farmers should additionally include resources on how to make informed decisions about risk management, and how to keep revenue records to maintain eligibility.

**Stronger messaging of flexibility.** WFRP coverage can allow for experimentation and expanded production of new crops. This flexibility can extend to expansion of conservation practices. Farmers and ranchers interested in these activities could benefit from WFRP.

**Neutral third parties can serve as helpful messengers.** Farmers may be wary of a new insurance product an agent promotes, and a neutral third party can assist with building trust in and understanding of the program.

## Recommendations for insurance agent education

As was clear from interviews, insurance agents in Nebraska are still largely unaware of WFRP. Education for agents should be strengthened and continued to increase understanding of the product. Educational materials should cover the crop and livestock diversity of Nebraska farms, and how WFRP can serve and benefit different kinds of operations. Finally, educational materials should address how to work with farmers and ranchers who are new to purchasing crop insurance.

One of the barriers to increasing participation is the cost and time required for crop insurance companies to build capacity, including agent skill, supporting software, and decision-making tools. Crop insurance companies will be further encouraged to invest in these resources when the future of WFRP is determined in the next farm bill.





## VII. CONCLUSION

WFRP is an opportunity for Nebraska farmers and ranchers to strengthen risk management on their operations. By insuring revenue for the entire operation, the policy provides coverage to many more crops and livestock than was possible before. In doing so, WFRP allows farmers and ranchers flexibility to diversify their production while still managing risk. Farmers and ranchers are not the only beneficiaries: WFRP also allows crop insurance agents to expand business and work with new clients.

However, our work showed that while some farmers, ranchers, and crop insurance agents are aware of these opportunities, many more are unfamiliar with the policy and its potential benefits. Because WFRP is a new kind of revenue insurance, there is still need for outreach and education to answer basic questions about how WFRP works. Education for farmers and ranchers is needed in regards to covered crops and livestock, use in growing operations, and integration with other crop insurance policies.

Outreach and education should also be expanded and tailored to fit the needs of unique farmers and ranchers. This includes commodity farmers with

long familiarity of crop insurance, as well as diversified farmers and ranchers who are less familiar with using crop insurance to manage risk. Timing of this outreach is key: because familiarity with the program is low, a great deal of outreach is needed during the year to raise awareness. In addition, more detailed education is needed during the sign-up period to address farmers' and ranchers' questions.

Finally, agent education should be broadened so that agents are not only familiar, but also comfortable with offering WFRP. Curricula should include information on working with a new customer base that may be less familiar with purchasing crop insurance and integrating policies into risk management strategies.

With this continued outreach and education for farmers, ranchers, and insurance agents, all will be better able to take advantage of the opportunities that WFRP offers.

### ABOUT THE CENTER FOR RURAL AFFAIRS

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.

## APPENDIX

## FACT SHEET:

# WHOLE FARM REVENUE PROTECTION

Whole Farm Revenue Protection (WFRP) is a new insurance product for diversified, specialty, and organic producers, as well as conventional producers. United States Department of Agriculture (USDA)'s Risk Management Agency manages this product. Farmers purchase it by working with their local crop insurance agents.

## WHAT MAKES WHOLE FARM REVENUE PROTECTION UNIQUE?

- Protects revenue, not individual crops: Whole Farm Revenue Protection is revenue insurance, and is not tied to a specific crop. It protects the revenue of the whole operation. You can cover between 50 to 85 percent of your revenue against insurable losses.
- Available everywhere in the U.S.: Coverage is available in all counties in Nebraska and the U.S.
- Promotes diversity: Farmers can buy greater coverage if they grow or raise two or more commodities - this includes animals and animal products.
- Insures growing operations: Growing your farm? No problem! Work with your crop insurance agent to determine how to cover your projected farm growth.
- Works with other insurance products: It can be used with other crop insurance products up to buy-up levels.
- Covers some resale products: WFRP can be used to cover commodities purchased for resale as long as revenues do not exceed 50 percent of total revenue.

## ARE THERE ANY LIMITS TO HOW I CAN USE WHOLE FARM REVENUE PROTECTION?

- Limits on what it covers: Whole Farm Revenue Protection cannot be used to protect revenue from timber, forest, forest products, and animals for sport, show, or pets.
- Revenue limits: Operations must have no more than \$8.5 million in insured revenue. Expected revenues from animals and animal products or greenhouse and nursery products may not exceed \$1 million.

## WHAT DO I NEED TO DO TO PARTICIPATE?

- Tax forms: Farmers and ranchers must be able to provide five consecutive years of Schedule F or similar tax forms to establish projected revenues for coverage.
- Farmers and ranchers with fewer than five years of records: If you qualify as a beginner farmer or rancher, you can show three years worth of those same forms.
- Crop insurance agent: If you're interested in Whole Farm Revenue Protection, contact a crop insurance agent as soon as possible. Search for local agents with Risk Management Agency's online "Crop Insurance Agent Locator" tool.
- Deadlines: Depending on where you are, the deadline to apply is Jan. 31, Feb. 28, or March 15.

## WHERE CAN I GO TO LEARN MORE?

- The Center for Rural Affairs Helpline is available to assist at 515.215.1294 or [annaj@cfra.org](mailto:annaj@cfra.org).
- For more on Whole Farm Revenue Protection or to find a local crop insurance agent, visit the USDA's Risk Management Agency site at [www.rma.usda.gov/policies/wfrp.html](http://www.rma.usda.gov/policies/wfrp.html)

Source: USDA Risk Management Agency



