How to Evaluate Crop-Hail Insurance

Crop-Hail is especially important to those with Area Risk Protection Insurance (ARPI) policies that leave individuals exposed to spot losses due to hail. You can also buy additional Crop-Hail coverage during the growing season (prior to damage) to protect added profit potential from bumper crop yields or higher-than-normal crop values.

Even if your frequency of hail damage is low, remember that Crop-Hail coverage is rated for your area. It is an inexpensive way to protect against hail damage.

5 Myths about Crop Insurance

1. Crop insurance is only for grain farmers.
   Farmers in all 50 states rely on crop insurance to manage their production and financial risks. Crop insurance now covers more than 130 crops and is constantly growing. Anyone whose awareness of crop insurance was shaped even just a few years ago will be pleased when they see how crop insurance has become vital to almost every farmer in every corner of the country.

2. Crop insurance only covers weather-related losses.
   Actually, crop insurance covers not only weather and other natural events, such as damage done by deer and other pests, but it will even cover loss of revenue.

For instance, Whole-Farm Revenue insurance is especially useful for diversified operations. It allows the farmer to insure some percentage of the farm’s average ag revenue, including revenue from animals and even crops that might not have a specific crop insurance policy available.

3. Most farmers don’t have crop insurance.
   More than 90 percent of all the planted cropland in the United States is covered by crop insurance. And since 96 percent of America’s 2.1 million farms are family farms, that means crop insurance serves farm families all over the country.

4. Crop insurance is free.
   Farmers invest heavily in their crop insurance policies to the tune of $3.6 billion in 2018 and $54 billion since 2000. That investment helps maintain the financial stability of rural communities across the country.

5. Taxpayers bear all the risk for crop insurance losses.
   Actually, the risks are shared by three groups.

First, farmers absorb the risks of crop insurance. They pay a large share of the total premium cost and absorb all of the losses in their deductible before any crop insurance kicks in.

Second, the private insurance companies have to set aside a large portion of their earnings as a loss reserve. Every time there is a hurricane or major drought it is the crop insurance companies that pay out first to cover those losses.

Finally, the taxpayers, who are investing to preserve a plentiful and low cost food supply for all Americans, stand in wait to cover the final share of losses. Thanks to modern crop insurance, taxpayers pay far less than they did previously when ad hoc disaster programs were used.
What’s So Special about Whole-Farm Revenue Protection?

Whole-Farm Revenue Protection (WFRP) is exactly what it sounds like. As farmers begin to understand it better, more and more of them are making it part of their risk-management strategies.

If you want a whole-farm safety net, then WFRP may be what you are looking for, and it is now available wherever you farm, in all 50 states.

WFRP even works for farms that produce specialty crops or organic commodities (both crops and livestock), or those marketing to local, regional, farm-identity-preserved, specialty, or direct markets. It also works well for more conventional farming operations and allows you to insure anticipated growth in your operation.

Lower premiums are available to those who produce two, three, or more commodities. This diversity helps to lower the overall risk of the farming operation.

The premium subsidies for WFRP vary depending not only on how many different commodities you produce but also on what level of protection you choose.

What it covers

WFRP protects against loss of the farm revenue you expect to earn or will obtain from the commodities you produce or buy for resale. This includes up to $1.1 million from animals and animal products and up to $1 million from nursery and greenhouse products.

Choose the percentage of your average farm revenue that you want to insure and farm with the confidence you will be protected against any major losses due to natural causes or market fluctuations.

WFRP works well for farms of all sizes. As you can see in the chart, at the highest level of coverage (85%), WFRP will cover up to a limit of $8.5 million of income on an operation with a maximum Farm Approved Revenue of $10 million.

What documentation do I need and where can I get WFRP?

Like most farmers, you probably already have the information you need to apply for WFRP beginning with your last five years of Schedule F tax records. You will also need your standard farm plan, marketing records for direct marketed products, summary of your other crop insurance policies, your inventory, and accounts receivable.

To buy WFRP, contact a private crop insurance agent. To help you prepare for that meeting go to www.rma.usda.gov/pubs/rme/wfrpfactsheet.pdf

As the weather becomes more extreme and markets are subject to sudden unexpected turns of events, WFRP may well be the extra safety net that helps you sleep better at night.

### What’s So Special about Whole-Farm Revenue Protection?

**WFRP Premium Subsidy Options**

<table>
<thead>
<tr>
<th>WFRP Coverage Level</th>
<th>50%</th>
<th>55%</th>
<th>60%</th>
<th>65%</th>
<th>70%</th>
<th>75%</th>
<th>80%</th>
<th>85%</th>
</tr>
</thead>
<tbody>
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<td>1 commodity</td>
<td>67%</td>
<td>64%</td>
<td>64%</td>
<td>59%</td>
<td>59%</td>
<td>55%</td>
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</tr>
<tr>
<td>2 commodities</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>3 or more commodities</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>71%</td>
<td>56%</td>
</tr>
</tbody>
</table>

*WFRP Coverage Level:

- 1 commodity
- 2 commodities
- 3 or more commodities

**Commodity Count (Minimum Required):**

- 85: 3
- 80: 3
- 75: 2
- 70: 1
- 65: 1
- 60: 1
- 55: 1
- 50: 1

**Maximum Farm Approved Revenue:**

- $10,000,000
- $10,625,000
- $11,333,333
- $12,142,857
- $13,067,923
- $14,166,167
- $15,454,549
- $17,000,000

Remember:

- Acreage reporting is your responsibility. Doing it right will save you money.
- It is your responsibility to report crop damage to your agent within 72 hours of discovery for most crops.
- Never put damaged acreage to another use without prior written consent from the insurance company. You don’t want to destroy any evidence of a possible claim.