

## Summary of USDA Agricultural Disaster Program: Wildfires and Hurricanes Indemnity Program (WHIP) September 2018

Hurricane Recovery: To be eligible a crop, tree, bush or vine must be located in a primary disaster county with either a Presidential declaration or a Secretarial designation due to a 2017 hurricane. Crops, trees, bushes or vines located in other counties may also be eligible if the producer provides documentation that the loss was caused by a 2017 hurricane.

Wildfire Recovery: Any crop, tree, bush or vine, damaged by a 2017 wildfire is eligible.

Eligible Producers: Eligibility will be determined on an individual basis, using the level of insurance coverage purchased for 2017 for the total crop acres on the area for which the WHIP application is made. This is a crop by crop loss determination and will be based on the insurance unit – this is not a whole farm loss like the previous SURE disaster program.

Eligible producers who certify to an average adjusted gross income (AGI) of at least 75 percent derived from farming or ranching, including other agriculture and forestry-based businesses during the tax years 2013, 2014 and 2015, will be eligible for a \$900,000 payment limitation with verification. All other eligible producers requesting 2017 WHIP benefits will be subject to a \$125,000 payment limitation. There is no adjusted gross income (AGI) test.

Crop Insurance Requirement: Both insured and uninsured producers are eligible to apply for WHIP. However, all producers opting to receive 2017 WHIP payments will be required to purchase crop insurance at a minimum of 60% coverage level, or Noninsured Crop Disaster Assistance Program (NAP) at the 60% buy up coverage level if crop insurance is not available. Coverage must be in place for the next two applicable crop years to meet program requirements.

Acreage Reporting Requirements: In addition, for the applicable crop years, all producers are required to file an acreage report and report production (if applicable).

Payment Formula: FSA will calculate WHIP payments with this formula:

Payment = WHIP Expected Value of the Crop – WHIP Value of Crop Harvested - Insurance Indemnities

- ) The WHIP expected value of the crop will be determined based on insurance projected price \* insurance (APH) yield \* acres \* WHIP factor. If no insurance on the crop, then a county average yield will be used. The WHIP value of the crop harvested is determined based on the insurance projected price \* actual yield.
- ) The WHIP factor ranges from 65 percent to 95 percent. Producers who did not insure their crops in 2017 will receive a 65 percent WHIP Factor. Insured producers, or producers who had NAP, will receive between 70 percent and 95 percent WHIP Factors; those purchasing higher levels of coverage will receive higher WHIP Factors based on the level of insurance coverage between 50% and 85%.
  - o 2017 WHIP factors
    - No crop insurance or No NAP coverage – 65%
    - Catastrophic coverage – 70%
    - More than catastrophic coverage but less than 55 percent - 72.5%
    - At least 55 percent but less than 60 percent – 75%
    - At least 60 percent but less than 65 percent - 77.5%
    - At least 65 percent but less than 70 percent – 80%
    - At least 70 percent but less than 75 percent – 85%
    - At least 75 percent but less than 80 percent – 90%
    - At least 80 percent – 95%

Once the producer completes the application process, a 50% advance payment will be made, and then the remainder of the payment will be made once the signup period is complete.

**Example<sup>1</sup>**

**WHIP Payment** = WHIP Expected Value of Crop – WHIP Value of Crop Harvested – Insurance Indemnities

Insurance Projected Price: \$0.73/lb

Insurance Harvest Price: \$0.68/lb

Individual Revenue Protection (RP) Insurance Coverage Level = 75%

WHIP Coverage Factor = 90%

APH: 800 lbs/acre

2017 Actual Yield: 600 lbs/acre

**WHIP Expected Value of Crop** = Projected Price \* APH \* WHIP Factor

= \$0.73/lb \* 800 lbs/acre \* 90% = \$526/acre

**WHIP Value of Crop Harvested** = Projected Price \* 2017 Actual Yield

= \$0.73/lb \* 500 lbs/acre = \$365/acre

**RP Insurance Revenue Guarantee** = Higher of Projected Price or Harvest Price \* APH \* Coverage Level

= \$0.73/lb \* 800lbs/acre \* 75% = \$438/acre

**RP Insurance Value of Crop Harvested** = Harvest Price \* 2017 Actual Yield

= \$0.68 \* 500 lbs/acre = \$ 340/acre

**RP Insurance Indemnity** = RP Insurance Revenue Guarantee – RP Insurance Value of Crop Harvested

= \$438/acre - \$340/acre = \$98/acre

Acres on the Farm = 100

WHIP Expected Value of Crop = \$526/acre \* 100 = \$52,600

WHIP Value of Crop Harvested = \$365/acre \* 100 = \$36,500

RP Insurance Indemnity = \$98/acre \* 100 acres = \$9,800

**WHIP Payment** = \$52,600 - \$36,500 - \$9,800 = \$6,300

Additional details are available at: <https://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/wildfires-and-hurricanes-indemnity-program/index>.

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<sup>1</sup> Not an official USDA calculation. This example was prepared by NCC based on our understanding of the program calculations. This example assumes that a producer has a 75% Revenue Protection (RP) crop insurance policy and does not have a STAX policy. STAX indemnities are included and an adjustment will be made to the WHIP coverage factor for STAX coverage.