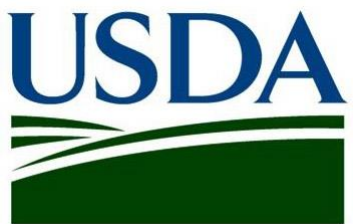


# WHIP 2017

## WILDFIRES AND HURRICANES INDEMNITY PROGRAM




John VanSickle, Professor  
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**Wildfires and Hurricanes Indemnity Program (WHIP)**

# WHIP Assistance:



Available to eligible producers for crops, trees, bushes, and vines, which suffered a qualifying loss because of the consequences of Hurricanes Harvey, Irma, Maria, and other hurricanes and wildfires occurring in calendar year 2017, as implemented by decision of the Secretary of Agriculture.

Congress appropriated more than \$3 billion for this program.

Loss includes:

- Production losses from eligible crops
- Inventory losses for value loss crops
- Tree/Bush/Vine Loss

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# 2017 Disaster Overview

- 2017 was the costliest disaster year on record in the U.S. with damage from disaster events culminating in losses exceeding \$300 billion (National Oceanic and Atmospheric Administration).
- Losses in 2017 alone account for 20% of cumulative losses estimated since NOAA records on billion-dollar disaster events began in 1980.
- Most of the 2017 losses (over 85%) were the result of three hurricanes that struck the U.S. and U.S. territories: Harvey (Houston), Irma (Puerto Rico), Maria (Florida).
- Thirteen other disaster events, including wildfires, severe storms, drought, inland flooding, and freeze events each accounted for losses in excess of \$1 billion as well.
- Losses and damages from disaster events effect every facet of the U.S.: communities, homes/businesses, natural resources, and agricultural (crops, livestock, and timber).

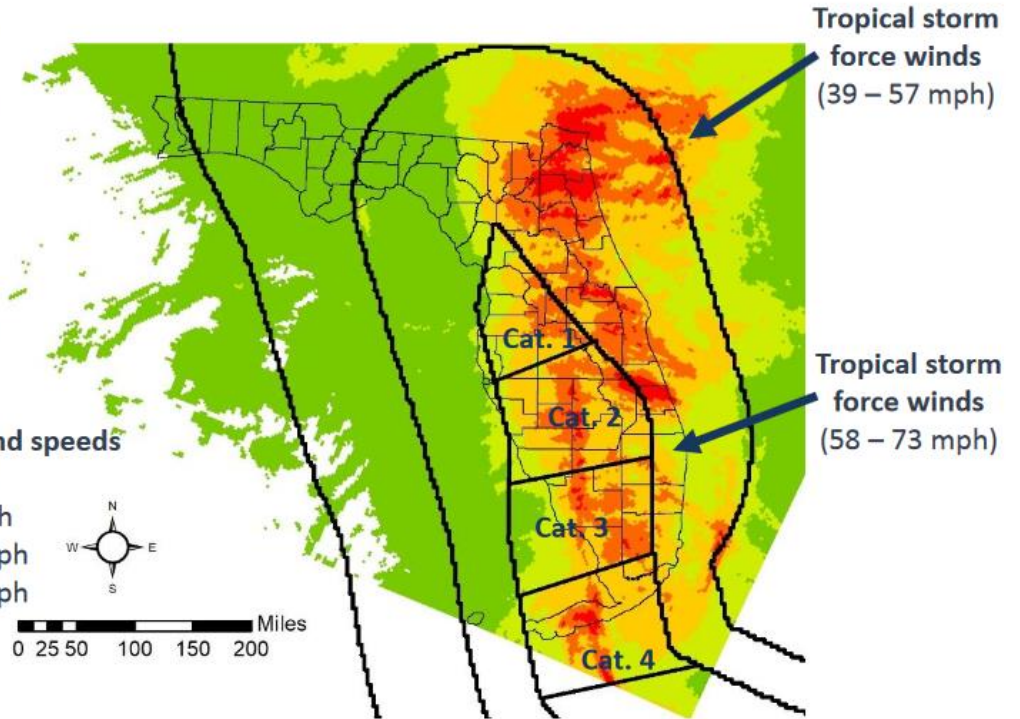
# Hurricane Irma Wind Speeds and Rainfall

Total Precipitation,  
September 9 – 12  
(observed inches)



Hurricane force wind speeds

- Cat. 1: 74 – 95 mph
- Cat. 2: 96 – 110 mph
- Cat. 3: 111 – 129 mph
- Cat. 4: 130 – 156 mph



Data Sources: National Hurricane Center, National Weather Service

## Summary of Florida Agricultural Production Losses to Hurricane Irma

Commodity Group	Loss (M\$)
Citrus	553
Vegetables	72
Field crops	506
Nursery-Greenhouse	436
Livestock-Animal products	39
Forestry (timber)	261
<b>Total</b>	<b><u>1,861</u></b>



Source: Court and Hodges

## Economic Impacts of Florida Agricultural Production Losses to Hurricane Irma

Impact Type (Regional Multiplier Effect)	Employment (Fulltime, Part-time Jobs)	Labor Income (Wages, Benefits)	Value Added (GDP)	Industry Output (Revenue)
		----- Million Dollars -----		
Direct (Ag Revenue Losses)	-20,845	-\$785	-\$1,010	-\$1,861
Indirect (Supply Chain Purchases)	-7,094	-\$273	-\$499	-\$847
Induced (Household, Gov. Responding)	-27,914	-\$1,331	-\$2,235	-\$3,817
<b>Total</b>	<b>-55,854</b>	<b>-\$2,389</b>	<b>-\$3,743</b>	<b>-\$6,525</b>

Note: Values in 2017 dollars

Data Source: *IMPLAN* model and 2015 State of Florida model data (Implan Group, LLC).

Source: UF-IFAS report, Hurricane Irma Update #4, Oct. 2, 2017



Source: Court and Hodges

Food and Resource  
Economics





# Agricultural Economic Impacts from IRMA

County	Field Crops	Citrus crops	Vegetables & Other Fruits	Nursery & Floriculture	Total
Palm Beach	194,781	0	31,765	21,158	247,704
Hendry	64,198	161,271	5,629	5,243	236,342
Dade	2,048	1,135	35,687	116,256	155,130
Polk	126	89,820	1,461	4,332	95,739
Highlands	1,855	57,620	0	6,160	65,635
JACKSON	8,148	0	325	14	8,487
Florida	348,827	490,244	151,150	322,532	1,312,753

(Values in \$1,000)

(Jackson County also had \$16,524,000 in timber losses, second only to Taylor County with losses of \$26,311,000)

Wildfires and Hurricanes Indemnity Program (WHIP)



# WHIP Program Coverage



**Wildfire Recovery** – any crop, tree, bush or vine damaged by a 2017 wildfire

**Hurricane Recovery** – Any crop, tree, bush or vine located in a county or parish identified by Presidential Declaration is eligible for 2017 WHIP if caused by 2017 hurricane.

**Citrus Growers in Florida** – Eligible for 2017 WHIP for losses in 2018. FSA will also reimburse citrus growers for cost of buying and planting replacement trees, including resetting and grove rehab, and for repair to irrigation systems. It also provides assistance for citrus production losses expected in 2019 and 2020 crop years.

**Wildfires and Hurricanes Indemnity Program (WHIP)**



# Insurance Coverage Determines WHIP Coverage Factor



Insurance Coverage level	WHIP Factor
Uninsured	65%
CAT or NAP Basic 50/55	70%
50% - <55%	72.5%
55% - <60%	75%
60% - <65%	77.5%
65% - <70%	80%
70% - <75%	85%
75% - <80%	90%
> = 80%	95%

**Wildfires and Hurricanes Indemnity Program (WHIP)**



# Calculation for Production Loss

Acres	Expected Value
Price	
Yield	
WHIP %	
Production	Actual Value
Price	
Indemnity	
Secondary / Salvage	
WHIP Payment	

(Expected Value times WHIP factor)

= WHIP Value

minus

Actual Value

times Share times Payment Factor

minus

Indemnity

minus

Secondary Use and/or Salvage Value

equals

**WHIP Payment**

Wildfires and Hurricanes Indemnity Program (WHIP)



# Forms producer must complete:

FSA-890 – WHIP Application Form- County Office Generated

FSA-891 – Crop Insurance and/or NAP Coverage Agreement

FSA-892- Exemption for Payment Limitation

CCC-902 – Farm Operating Plan of Operation- County Office Generated

FSA-578 – Report of Acreage- County Office Generated

AD-1026 – Highly Erodible Land Conservation and Wetland Conservation  
Certification


SF-3881- Schedule of Direct Deposit

FSA-893 - 2018 Citrus Actual Production History and  
Approved Yield Record- if applicable.

*Note: Other forms may be applicable*

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Linkage Requirements



As a condition of maintaining eligibility for WHIP benefits, producers are required to purchase crop insurance, or NAP as applicable, on the crop, tree, bush, or vine for the next **two consecutive available crop years** after the 2017 WHIP enrollment period ends and ending with the 2021 crop year.

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Linkage Requirements

Insurable Crops, Trees, Bushes, and Vines

obtain crop insurance at a level of 60/100 or equivalent, if available

NAP Crops

obtain NAP coverage at a level of at least 60/100, if available, including filing annual acreage report

Purchase Whole Farm Revenue Protection (WFRP)

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Eligibility and Payment Limitation

## Adjusted Gross Income (AGI) Provisions

- Not Applicable to WHIP

## Payment Limitation:

- \$125,000

Or

- \$900,000 – If 75% of adjusted gross income is derived from farming, ranching, or forestry.

**Wildfires and Hurricanes Indemnity Program (WHIP)**



# Optional \$900,000 Payment Limitation Provisions

## Requirements:

- Prove 75% of their adjusted gross income (AGI) is derived from:
  - Farming
  - Ranching
  - Forestry
- Based on an average of taxable years:
  - 2013, 2014 and 2015

**Wildfires and Hurricanes Indemnity Program (WHIP)**



# Optional \$900,000 Payment Limitation Provisions

## Requirements cont'd:

- Complete FSA-892 Request for an Exception to the WHIP Payment Limitation of \$125,000.
- CPA or Attorney Certification of compliance:
  - Completing Part C of the FSA-892
  - Providing similar statement acceptable to FSA

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# Optional \$900,000 Payment Limitation Provisions

FSA-892 Request for an Exception to the WHIP Payment Limitation of \$125,000:

- Optional to all Applicants:
  - Persons
  - Legal entities
  - Interest holders in a legal entity, including embedded entities to the 4<sup>th</sup> level of ownership.
  - Members of a general partnership or joint venture.
  - Native Americans or Tribes represented by BIA

**Wildfires and Hurricanes Indemnity Program (WHIP)**



# Optional \$900,000 Payment Limitation Provisions

Defines Income from farming, ranching or forestry:

Income Related to Livestock and Crops	Other Types of Income
Production of livestock, including but <b>not</b> limited to: <ul style="list-style-type: none"><li>• cattle, sheep, goats, swine</li><li>• elk, reindeer, bison, deer</li><li>• horses</li><li>• poultry</li><li>• fish and other aquaculture products used for food</li><li>• honeybees.</li></ul>	The sale of land that has been used for agriculture. The sale of easements and development rights to: <ul style="list-style-type: none"><li>• farmland, ranchland, or forestry land</li><li>• water or hunting</li><li>• environmental benefits..</li></ul>
The feeding, rearing, or finishing of livestock.	The rental or lease of land or equipment used for farming, ranching, or forestry operations, including water or hunting rights.
Products produced by or derived from livestock.	Any payment or benefit, including benefits from risk management practices, crop insurance indemnities, and catastrophic risk protection plans.
Production of crops, specialty crops, and unfinished raw forestry products.	

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Optional Payment Limitation

## Example :

Ewing General Partnership has a calculated WHIP payment of \$2,500,000

Ewing General Partnership - No Payment Limitation Value

- J.R. Ewing 75% interest - \$900,000 optional payment limitation
- Bobby Ewing 25% interest - \$900,000 optional payment limitation

Ewing General Partnership Net Payment = \$1,525,000

- J.R. Ewing =  $(75\% \times \$2,500,000 = \$1,875,000) - \$900,000$
- Bobby Ewing =  $(25\% \times \$2,500,000 = \$625,000) - \$625,000$

**Wildfires and Hurricanes Indemnity Program (WHIP)**

## Example 2:

I Grow Crops Inc. WHIP payment = \$900,000

I Grow Crops Inc - \$900,000 Optional Payment Limitation

- Member A – 1/3 interest - \$900,000 Optional Payment Limitation
- Member B – 1/3 interest - \$900,000 Optional Payment Limitation
- Member C - 1/3 interest - \$125,000 Basic Payment Limitation

I Grow Crops Inc Net Payment = \$725,000

- Member A thru I Grow Crops Inc = \$300,000
- Member B thru I Grow Crops Inc = \$300,000
- Member C thru I Grow Crops Inc = \$125,000

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Acreage Reporting

Producers will need to provide the following information when applying for WHIP on trees bushes or vines:


Tree Count by Crop, Crop Type

Spacing

Date planted

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Tree Spacing Example



A producer reports 6,894 trees planted in 1995 with 25 ft. row spacing x 12.5 ft. tree spacing.

The producer also reports 9,467 trees planted in 2014 spaced 25 ft. x 9 ft.

All trees are interplanted in a 100 acre grove.



# Tree Spacing Example (cont.)

## Calculations:

- Subfield 1A:

- 43,560 sq. ft. per ac.  $\div$  (25 ft. between rows  $\times$  12.5 ft. between trees) = 139.39 trees/ac.

- 6,894 trees  $\div$  139.39 trees/ac. = 49.46 acres

- Subfield 1B:

- 43,560 sq. ft. per ac.  $\div$  (25 ft. between rows  $\times$  9 ft. between trees) = 193.6 trees/ac.

- 9,467 trees  $\div$  193.6 trees/ac. = 48.90 acres

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Determining Eligible Acreage

## Eligible Acreage Data Sources for the year of loss

Type of Crop	Data Source
Insured Crops	Acreage data will be provided by insurance and compared to FSA-578
Uninsured Crops	Acreage data will be obtained from FSA-578

- For insured crops if there is a difference between data, use the **lesser** of insurance or FSA acres

**Wildfires and Hurricanes Indemnity Program (WHIP)**

## Units

- Insured crops will use insurance units
- Uninsured crops will have units established according to share relationship




**Wildfires and Hurricanes Indemnity Program (WHIP)**

## APH/Approved Yield Data for Production Based Crops

IF the yield is for.....	THEN the yield is.....
Insured	<ul style="list-style-type: none"> <li>provided by RMA, if available</li> <li>the County Established Yield established if yield is unavailable from RMA</li> </ul>
NAP Covered crops	a NAP approved yield
Uninsured crops	County Expected Yield
Florida citrus crop	Up to five years of historical production records provided

**Wildfires and Hurricanes Indemnity Program (WHIP)**



WHIP payments for most crops will be determined either by the insurance data or the county average yield for uninsured applicants.

Due to the type of insurance policies administered in the State of Florida for citrus, participants will be permitted to prove their yield using the last five crop years.

**Wildfires and Hurricanes Indemnity Program (WHIP)**



Participants will certify yields on an FSA- 893 by providing up to five years of production harvested and acres grown.

- Records obtained are not required to be maintained in the CO because this is a certification.
- COC has the authority to monitor and question any yields that appear to be inconsistent with other participants.

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Florida Citrus Yield Provisions

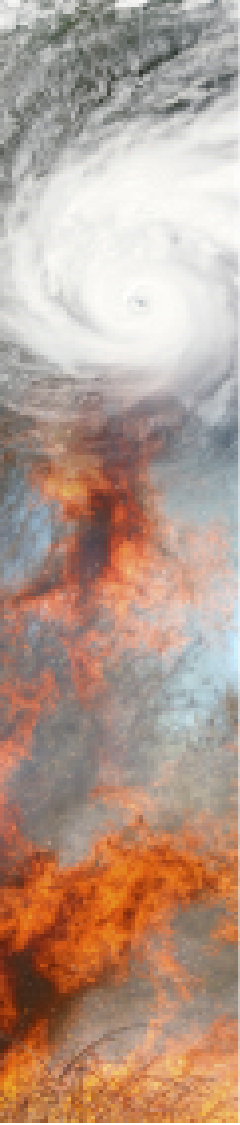
When participants provide yields and acreage they must be for continuous years.



**Wildfires and Hurricanes Indemnity Program (WHIP)**



# Florida Citrus Yield Provisions



If a participant did not own the grove for the entire five year history, COC has authority to allow participants to provide production records for previous year's owner(s) up to the five years allowed.

COC will review documents provided for proof of production and acres grown of previous owner(s).

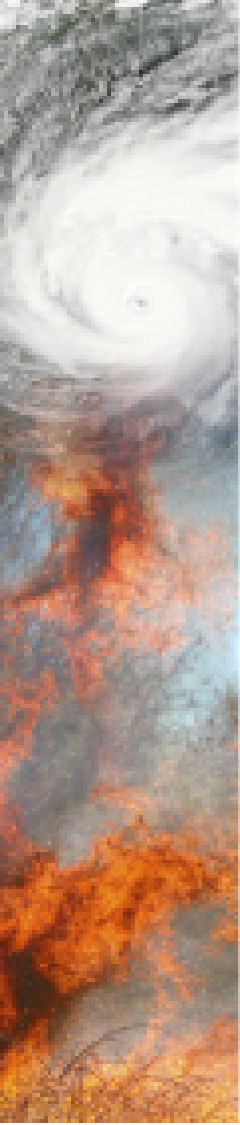
**Wildfires and Hurricanes Indemnity Program (WHIP)**

## Calculating Yields

Participants will certify production harvested and acres grown for the previous 5 crop years. A simple average will be calculated to determine the yield that will be used in the WHIP calculation.

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Florida Citrus Yield Provisions



If the participant purchased the grove in 2017, prior to the qualifying disaster event and previous year's production are not available from prior owners of the grove, then the participant would be eligible; however, the county average yield would be used as the yield for the WHIP calculation.

**Wildfires and Hurricanes Indemnity Program (WHIP)**



WHIP price will be based on:

- RMA price, if available
  - Contract price
- NAP average market price
- Direct market prices do not apply

**Wildfires and Hurricanes Indemnity Program (WHIP)**

WHIP price will be :

- Cotton \$0.73/#
- Peanuts
  - Runners \$0.1977/#
  - VIR \$0.2194/#
- Peas \$0.9567/#
- Soybeans \$10.26/bu
- Tomatoes \$6.20/ctn

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Harvested Production


**Harvested** production is:

The **total** amount of harvested production for the unit supported by an acceptable record and/or **certification** by the producer.

**Note:** Production from all harvests of an eligible crop harvested more than once in a crop year will include **TOTAL** harvested production from the entire crop year.

Wildfires and Hurricanes Indemnity Program (WHIP)

# Producer Responsibilities



Producers must provide accurate and complete acreage and production reports for **all** WHIP eligible crops on a unit.

Producer's signature on FSA-890 is the producer's certification that the records provided are correct and includes **TOTAL** crop production for the unit

Wildfires and Hurricanes Indemnity Program (WHIP)



# Acceptable Production Records

Acceptable production records include:

- Verifiable records
- Reliable records



**Wildfires and Hurricanes Indemnity Program (WHIP)**

## Verifiable Records:

- May be verified by FSA through an independent source
- Are used to substantiate the amount of production reported
  - Dated
  - Show quantity, price, and final disposition
  - Seasonal or crop specific for commodities produced more than once in a calendar year

Wildfires and Hurricanes Indemnity Program (WHIP)

## Examples of **Verifiable** records:

- Sales receipts from buyers
- Settlement sheets
- Invoices from custom harvesting
- Truck or warehouse scale tickets



**Reliable** records are:

Records provided by the producer that County Office Committee determines are adequate to substantiate the amount of production reported when verifiable records are not available.

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Acceptable Production Records

Examples of **Reliable** records:

- Ledgers of commodity sales volume/income
- Income statements of deposits
- Records to verify production input costs
- Producer diaries, ledgers, receipts
- Pick records
- Other USDA program data

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# COC Responsibilities

If County Office Committee cannot determine the records are verifiable or reliable, the **higher** of the following will be used:

- Producer's certified production
- Assigned production using the Florida State Committee approved County Disaster Yield

Wildfires and Hurricanes Indemnity Program (WHIP)

# County Disaster Yield

**County Disaster Yields (CDY)** defined as:

The average yield per acre for a county or area of a county for the current year based on disaster events, and is intended to reflect the amount of production that a participant would have been expected to produce based on the eligible disaster conditions in the county or area.

Wildfires and Hurricanes Indemnity Program (WHIP)

# County Disaster Yield

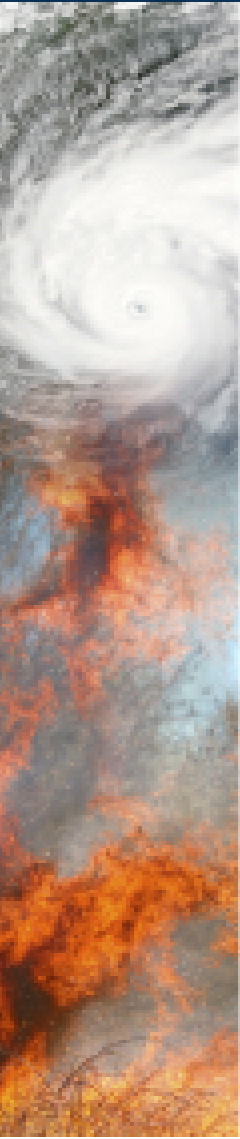


The only time the CDY will be used if there are no other production records, verifiable or reliable, available.

**Wildfires and Hurricanes Indemnity Program (WHIP)**



# Example 1 - SCENARIO



- Adam Orange from Hendry County, Florida had a loss on his 2018 Naval Oranges due to Hurricane Irma that occurred 9/10/2017 through 9/13/2017.
- His 50 acres of naval oranges were insured.
- The production to count was 3,028 boxes and his approved yield that came from the FSA-893 was 242.4.

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# Example 1 – DATA ELEMENTS

- Other data elements needed are:
  - Coverage Level = 75%
  - Price Election = 100%
  - WHIP Factor = 90%
  - Unharvested Payment Factor = 100%
  - Indemnity = \$32,412
  - Price = \$12.74
  - Guarantee Adj. Factor = 100%

**Wildfires and Hurricanes Indemnity Program (WHIP)**



# Calculation for Production Loss

Acres	Expected Value
Price	
Yield	
WHIP %	
Production	Actual Value
Price	
Indemnity	
Secondary / Salvage	
WHIP Payment	

(Expected Value times WHIP factor)

= WHIP Value

minus

Actual Value

times Share times Payment Factor

minus

Indemnity

minus

Secondary Use and/or Salvage Value

equals

**WHIP Payment**

Wildfires and Hurricanes Indemnity Program (WHIP)



# WHIP Value

Acres	Expected Value
Price	
Yield	
WHIP %	

$$50 \times \$12.74 \times 242.4 =$$

(Acres) (Price) (Yield)

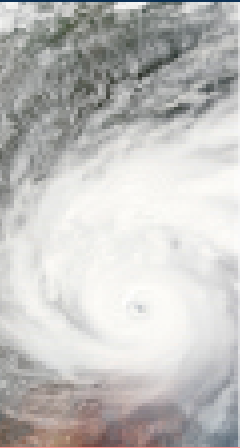
$$154,408.80 \times 90\% = \$138,967.92$$

(Expected Value) (WHIP Factor) (WHIP Value)



Wildfires and Hurricanes Indemnity Program (WHIP)

# Actual Value



Production

Price

Actual Value

$$3028 \times \$12.74 = \$38,576.72$$

(Production)      (Price)                      (Actual Value)



**Wildfires and Hurricanes Indemnity Program (WHIP)**



# WHIP Calculation

	Expected Value
WHIP %	
	Actual Value
Indemnity	
Secondary / Salvage	
WHIP Payment	

WHIP Value \$138,967.92

*minus*

**Actual Value \$38,576.72**

*times Share 100% times Payment Factor 100%*

*minus*

**Indemnity \$ 32,412**

*minus*


**Secondary Use \$0 and/or Salvage Value \$0**

*equals*

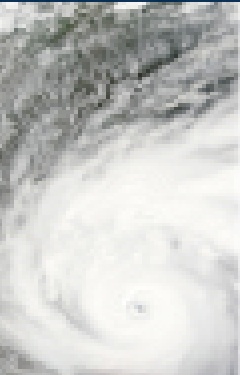
**WHIP Payment \$67,979**

**Wildfires and Hurricanes Indemnity Program (WHIP)**

# \$12 billion Tariff Aid Program

- 
- A vertical strip on the left side of the slide shows a hurricane at the top and a wildfire at the bottom. The hurricane is a large, white, swirling storm with a dark eye. The wildfire is a large, orange and red fire with a thick plume of smoke rising from it.
1. FSA - Market Facilitation Direct Payments  
- Soybeans, sorghum, corn, wheat, cotton, dairy and hogs
  2. AMS - Food Purchase and Distribution Program – fruits, nuts, rice, legumes, beef, pork, and milk
  3. FAS - Trade Promotion Program

**Wildfires and Hurricanes Indemnity Program (WHIP)**



# WHIP 2017

## WILDFIRES AND HURRICANES INDEMNITY PROGRAM



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