



# WELCOME

## WILDFIRES AND HURRICANES INDEMNITY PROGRAM



USDA

# 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.

Loss includes:

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

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



# Calculation for Production Loss

FMV-A	Expected Value
WHIP %	
FMV-B	Actual Value
Indemnity	
Secondary / Salvage	
WHIP Payment	

(**FMV-A** times WHIP factor)

= **WHIP Value**

*minus*

(FMV-B + Value of Ineligible Cause of Loss) = **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 Factor



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%

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# Forms producer must complete:

FSA-890 – WHIP Application Form- Generated in the County Office

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

CCC-901- Member Information

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

FSA-578 – Report of Acreage

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

*Note: Other forms may be applicable*

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# 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.

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# 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

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# 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

Wildfires and Hurricanes Indemnity Program (WHIP)





# 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

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# 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. Production of crops, specialty crops, and unfinished raw forestry products.	Any payment or benefit, including benefits from risk management practices, crop insurance indemnities, and catastrophic risk protection plans.

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## Units

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

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Eligible aquacultural species are:

- Any species of aquatic organisms grown as food for human consumption
- Fish raised as feed for fish that are consumed by humans
- Ornamental fish propagated and reared in an aquatic medium.

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# Aquaculture

To be eligible for WHIP assistance, eligible aquacultural species **must** be raised:

- By a commercial operator on private property
- In water in a controlled environment.

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# Value Loss Crops



WHIP assistance for value loss crops is determined by comparing the value of inventory immediately before a disaster to the value of inventory immediately after a disaster.

**FMV-A** is the dollar value of the crop immediately **before** the qualifying disaster event.

**FMV- B** is the dollar value of inventory immediately **after** the qualifying disaster event.

Determinations concerning the value of the loss for the crop on the unit **must** be made. The crop **must** be unmarketable to be considered a loss.

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# Calculating Eligible Loss

Once the method for determining the value of the inventory immediately before and after the qualifying disaster event is determined the County Office will review the inventory value by crop and species to insure that the prices used do not exceed the value approved by the STC.

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# Applying Payment Factors

STC will establish unharvested payment factors for each type or variety of aquaculture species according to the WHIP handbook.



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# Loss Calculation Example



Producer:	Mary Tropical
Crop:	Tropical Fish
Coverage:	NAP
State:	Florida
County:	Hillsborough
Qualifying Disaster:	Yes
Share:	100%

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# Loss Calculation Example



Crop:	Finfish, Tro
NAP Payment:	\$56,612
Unharvested Factor:	90%
FMV A:	\$455,150
FMV B:	\$116,288
Ineligible Value:	\$0

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

# Loss Calculation Example



Expected Value

WHIP %

Actual Value

Indemnity

Secondary / Salvage

WHIP Payment

FMV A (Expected Value) X WHIP Factor  
= WHIP Value

FMV B plus Dollar Value Ineligible Cause of Loss  
= Actual Value

WHIP Value – Actual Value x Share  
x Payment Factor – Indemnity – Salvage Value  
= Calculated Payment

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

# Loss Calculation Example

FMV-A

Expected Value

WHIP %

## WHIP Value

$$\$455,150 \times 70\% = \$318,605$$

$$(\text{FMV-A}) \times (\text{WHIP Factor}) = \text{WHIP Value}$$

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

# Loss Calculation Example

Actual Value

$$\$116,288 + \$0 = \$116,288$$

$$(FMV-B) + (\text{Ineligible Inventory}) = \text{Actual Value}$$



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



# Loss Calculation Example

FMV-A	Expected Value
WHIP %	
FMV-B	Actual Value
Indemnity	
Secondary / Salvage	
WHIP Payment	

## Calculated Payment

$$\begin{aligned} &(\$318,605 \text{ (WHIP Value)} - \$116,288 \text{ (Actual Value)}) \\ &\quad \times 100\% \text{ (Share)} \\ &\quad \times 90\% \text{ (UH Payment Factor)} \\ &\quad - \$56,612 \text{ (Indemnity)} \\ &\quad - \$0 \text{ (Salvage Value)} \\ &= \$157,334 \text{ (Calculated Payment)} \end{aligned}$$

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# 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 for the next two consecutive available crop years after the 2017 WHIP enrollment period ends and ending with the 2021 crop year.

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# Linkage Requirements

## 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)

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# Linkage Requirements

The linkage requirement applies to the producer's interest in the crop in the county where the crop is located.

- Physical county for insured crops
- Administrative county for NAP crops
- Applies to crop type, intended use, and planting period.

*That's all Folks!*