



HALO COVERAGE: CROP INSURANCE SUPPLEMENT FOR TOTAL LOSS

831(b) Plan Producing Company Profile

INDUSTRY	Agriculture
ACRES	2,500
TYPE OF YIELD	Wheat and Barley

BACKSTORY

Red River Farms, a **2,500-acre wheat and barley operation in the Pacific Northwest**, has long relied on **federal crop insurance** to manage financial risk from unpredictable weather. However, due to rising premiums and cost constraints, the farm had only insured **60% of its expected crop value** under its standard **multi-peril crop insurance (MPCI) policy**.

To better protect their profitability and long-term stability, Red River Farms secured Halo Coverage, allowing them to increase their coverage up to 90% of the crop's value without the high cost of additional MPCI coverage.

RISK DESCRIPTION

Traditional **MPCI coverage** is vital but often **leaves farmers with significant financial exposure**, especially in total loss situations:

- **Total expected crop value: \$3.2 million**
- **MPCI coverage at 60%: \$1.92 million payout**
- **Remaining uninsured portion: 40% of the crop's value (\$1.28 million loss)**
- **Halo Coverage limit: Additional 30% coverage, up to 90% of total value**

Halo Coverage was designed to bridge this gap, covering an additional 30% of the crop's value, ensuring the farm's revenue remained intact in a catastrophic loss.

INCIDENT

In **June 2023**, extreme **heatwaves followed by an unseasonable cold snap** devastated wheat and barley crops across the Pacific Northwest. Red River Farms experienced a **near-total crop failure**:

- **Persistent drought conditions** during germination weakened plant growth.
- **Late-season frost** destroyed what little crop remained, leaving the farm with **100% loss**.
- **Harvestable yield: 0 bushels**—the worst loss in the farm's history.

Despite the **MPCI policy paying out at 60%**, Red River Farms still faced **significant financial hardship** with an uncovered loss of **\$1.28 million**—a devastating hit to their revenue.

RESOLUTION

Red River Farms filed claims under both their **MPCI policy and Halo Coverage**, triggering the following payments:

1. **MPCI Claim Filed:** The farm received **\$1.92 million** under their standard 60% coverage policy.
2. **Halo Coverage Claim Filed:**
 - The total eligible payout under Halo Coverage (30%) was **\$960,000**, bringing total coverage up to **90% of expected crop value**.
 - Claim was reviewed and approved, **Halo Coverage paid \$960,000 to the farm**.

Claim Breakdown:

- **Total Expected Crop Value: \$3.2 million**
- **MPCI Payout (60% coverage): \$1.92 million**
- **Halo Coverage Payout (30% additional coverage): \$960,000**
- **Remaining Out-of-Pocket Loss: \$320,000**

With **Halo Coverage supplementing MPCI**, Red River Farms was able to:

- ✓ **Recover 90% of expected revenue**
- ✓ **Cover all fixed operating costs (equipment leases, land payments, labor expenses, etc.)**
- ✓ **Avoid taking on debt or selling assets to offset the loss**
- ✓ **Remain financially stable for the next growing season**



KEY TAKAWAYS

Many farmers **limit their crop insurance coverage due to cost**, exposing them to **significant financial risk in the event of total loss**. Halo Coverage serves as a **crucial supplement**, increasing coverage beyond standard MPCl policies, protecting farmers from revenue shortfalls, and ensuring their long-term stability.

In this case, **Halo Coverage provided an additional \$960,000**, ensuring Red River Farms could **withstand a catastrophic loss and continue operations into the next season**.

For farmers managing unpredictable risks, **Halo Coverage provides financial certainty when traditional crop insurance alone falls short**.

