



United States  
Department of  
Agriculture

Risk  
Management  
Agency

6501 Beacon Drive  
Kansas City,  
MO 64133-4676

November 30, 2005

**INFORMATIONAL MEMORANDUM: R&D-05-054**

**TO:** All Reinsured Companies  
All Risk Management Agency Field Offices  
All Other Interested Parties

**FROM:** Tim B. Witt /s/ *Tim B. Witt*  
Deputy Administrator

**SUBJECT:** 2006 Adjusted Gross Revenue-Lite (AGR-Lite) Insurance Policy Materials &  
2006 Adjusted Gross Revenue (AGR) Special Provision Change

**BACKGROUND:**

The Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) approved the following revisions to the Adjusted Gross Revenue-Lite (AGR-Lite) Plan of Insurance: (1) A new maximum liability limit of \$1 million, (2) Revised cause of loss language, (3) Discontinued the 75 percent coverage level/65 percent payment rate, (4) Reduced the number of commodities required for 75 and 80 percent coverage levels, and (5) Changed the sales closing date to March 15 (cancellation and termination dates remain January 31).

AGR-Lite will be expanded to Virginia for the 2006 crop year. The AGR-Lite program is currently available in Alaska, Connecticut, Delaware, Idaho, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, and West Virginia.

Changes to the AGR-Lite policy for 2006, which are applicable in all states where AGR-Lite is available, include:

- (1) Section 1 -
  - (a) The definition of "Animals" is changed to include aquaculture.
  - (b) The definition of "Qualifying Person" is changed to a \$1,000,000 maximum liability limit.
  - (c) The definition of "Sales Closing Date" is changed to the March 15 sales closing date.
- (2) Section 3 – Added language to specify when changes to the terms or conditions of insurance under the policy and changes to the insureds coverage level must be made.
- (3) Section 4 – Added language to specify what the filing deadline is for farm, inventory and commodity reports.
- (4) Section 8(a) - Revised the cause of loss language.



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- (5) Section 12 – Removed previous section 12 (Arbitration) and added a new section 12 (Mediation, Arbitration, Appeal, Reconsideration and Administrative and Judicial Review) consistent with the Common Crop Insurance Policy Basic Provisions.

The following table has been placed in the Special Provisions for **BOTH** AGR-Lite and Adjusted Gross Revenue plans of insurance:

Coverage Level Percentage	Payment Rate Percentage	Minimum Number of Agricultural Commodities Produced	Premium Subsidy Factor	Administrative Fee
65	75 or 90	1	.59	\$30
75	75 or 90	1	.55	\$30
80	75 or 90	3*	.48	\$30

Although insurance purchases must be executed through approved crop insurance agents, the Risk Management Agency (RMA) premium calculator is available on the RMA web site for general information purposes. To find the AGR-Lite premium calculator:

- Go to: Tools/Calculators
- Scroll to: Premium Calculation Software for 2000 and succeeding years (Online Version) - Calculate Premiums
- Click on: Calculate Premiums

**ACTION:**

The AGR-Lite materials listed below will be posted on the RMA website. The materials include the following:

<u>Material</u>	<u>Web Address</u>
Basic Policy	<a href="http://www.rma.usda.gov/policies/2006policy.html">http://www.rma.usda.gov/policies/2006policy.html</a>
Underwriting Rules	<a href="http://www.rma.usda.gov/policies/2006agr-lite.html">http://www.rma.usda.gov/policies/2006agr-lite.html</a>
AGR-Lite Handbook	<a href="http://www.rma.usda.gov/policies/2006agr-lite.html">http://www.rma.usda.gov/policies/2006agr-lite.html</a>
Manual 13 Requirements	<a href="http://www.rma.usda.gov/data/m13/">http://www.rma.usda.gov/data/m13/</a>
Special Provisions	<a href="http://www3.rma.usda.gov/apps/docbrowser/">http://www3.rma.usda.gov/apps/docbrowser/</a>

The AGR Special Provisions will be posted on the RMA website at <http://www3.rma.usda.gov/apps/docbrowser/>.

**DISPOSAL DATE:**

This Informational Memorandum is for the purpose of transmitting information and its disposal date is December 31, 2005.