



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

December 23, 2002

BULLETIN NO: MGR-02-023

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

FROM: Ross J. Davidson, Jr. /s/David C. Hatch, for
Administrator

SUBJECT: 2003 Cost-Share Program for AGR and AGR-Lite

BACKGROUND:

Section 524(b) of the Federal Crop Insurance Act (Act) authorizes the Secretary to provide financial assistance to producers in fifteen targeted States for certain risk mitigation practices.

Under similar authority, RMA offered a cost-share program for Adjusted Gross Revenue (AGR) insurance for 2001 and 2002 to producers in eleven targeted States. In this program, RMA shared in 50 percent of the producer paid premium and the entire administrative fee for all eligible policies. RMA will continue the AGR cost-share program as set forth below.

Recently, the Federal Crop Insurance Corporation (FCIC) Board of Directors voted to approve Adjusted Gross Revenue-Lite (AGR-Lite), a new insurance plan developed by the Pennsylvania Department of Agriculture (PDA) and similar in concept to AGR. AGR-Lite is available in every county in Pennsylvania except Philadelphia County for 2003. In addition to the AGR program, RMA will provide the cost-share program for AGR-Lite in Pennsylvania.

This bulletin outlines the implementation of the AGR and AGR-Lite cost-share programs for 2003.

ACTION:

The 2003 AGR and AGR-Lite cost-share program will be offered in accordance with the following:



1400 Independence Ave., SW • STOP 0805 • Washington, DC 20250-0801

The Risk Management Agency Administers and Oversees
All Programs Authorized Under the Federal Crop Insurance Corporation

An Equal Opportunity Employer

1. Cost-share assistance will be available for all 2003 AGR and AGR-Lite policies in the States and counties listed below.

<u>State*</u>	<u>AGR</u>	<u>AGR-Lite</u>
Connecticut	All Counties	
Delaware	All Counties	
Maine	All Counties	
Maryland	Anne Arundel, Baltimore, Baltimore City, Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Harford, Howard, Kent, Montgomery, Prince George's, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, and Worcester	
Massachusetts	All Counties	
New Hampshire	All Counties	
New Jersey	All Counties	
New York	Cayuga, Chautauqua, Erie, Genesee, Monroe, Niagara, Onondaga, Ontario, Orange, Orleans, Oswego, Seneca, Suffolk, Ulster, Wayne, and Yates	
Pennsylvania	Berks, Carbon, Crawford, Columbia, Erie, Fayette, Lackawanna, Lancaster, Lehigh, Monroe, Northampton, Schuylkill, Westmoreland, and York	All Counties except Philadelphia
Rhode Island	All Counties	
Vermont	All Counties	

* The Sales Closing Date for both AGR and AGR-Lite is January 31, 2003.

2. All producers purchasing AGR and AGR-Lite insurance policies in the above States and counties will receive cost-share assistance as follows:

2003 AGR and AGR-Lite Cost-Share Program Schedule	
Eligible Coverage Level	All
Eligible Payment Rate	All
Cost-Share Percentage	50 percent of producer premium (unless available funds are reduced by a subsequent act of Congress)
Administrative Fee	Entire fee or such an amount as determined by RMA

3. If the sum of the standard RMA subsidy, any State subsidy, and RMA cost-share payments exceed 100 percent of the total premium, the cost-share payment will be limited to an amount not to exceed the total premium less the total of other subsidies. RMA will not pay the administrative fee if this fee is paid by the State or any other third party.
4. Reinsured companies must advise agents to inform producers in eligible counties of the availability of the AGR and AGR-Lite cost-share programs. Producers must apply for new or modified coverage no later than the Sales Closing Date, which is January 31, 2003, for all States and counties. No additional application is necessary to qualify for the cost-share program. The cost-share will be applied automatically to all eligible policies.
5. For premium calculation and data submission purposes, reinsured companies are directed to use the field identified as “Additional Subsidy” to apply the cost-share for AGR and AGR-Lite. The calculation of Producer Premium is as follows:
- a. $\text{Subsidy} = \text{Total Premium} \times \text{Subsidy Factor}$
 - b. $\text{Preliminary Producer Premium} = \text{Total Premium} - \text{Subsidy}$
 - c. $\text{Additional Subsidy} = \text{Preliminary Producer Premium} \times \text{Cost-Share Percentage}$
 - d. $\text{Producer Premium} = \text{Preliminary Producer Premium} - \text{Additional Subsidy}$
6. All data for AGR-Lite must be submitted in accordance with Amendment No. 4 to the 1998 Standard Reinsurance Agreement.

7. Section 524(b)(3) of the Act provides that the total amounts of payments made to a person (as defined in section 1001(5) of the Food Security Act (7 U.S.C. 1308(5))) for any program authorized under Section 524(b), including the AGR and AGR-Lite programs, for any year may not exceed \$50,000. RMA will monitor all cost-share payments and will coordinate with other USDA agencies as necessary to apply the limitation.

DISPOSAL DATE:

This bulletin is effective until December 31, 2003.