



United States Department of Agriculture
Farm and Foreign Agricultural Services
Risk Management Agency

November 27, 2002

INFORMATIONAL MEMORANDUM: R&D-02-051

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

FROM: Tim B. Witt *for /s/ Jacqueline J. Blanks*
Deputy Administrator

SUBJECT: Adjusted Gross Revenue-Lite (AGR-Lite) Insurance Policy Materials Available

BACKGROUND:

On October 22, 2002, the Federal Crop Insurance Corporation's (FCIC) Board of Directors approved the Adjusted Gross Revenue-Lite (AGR-Lite) insurance policy, which was submitted by the Pennsylvania Department of Agriculture (PDA).

The AGR-Lite program is available in all counties in Pennsylvania except Philadelphia County and provides whole-farm revenue insurance for producers. Coverage is based on the adjusted gross revenue from the whole farm based on five years of tax forms and a farm plan. AGR-Lite covers all commodities on the farm, including animals and animal products. Liability is limited to \$100,000. AGR-Lite will be available for the 2003 crop year.

Producers interested in AGR-Lite should contact a crop insurance agent and complete an application, which will be submitted through the insurance company to RMA. RMA publishes a list of agents on its web site. The address of the website is: www.rma.usda.gov/. Sales may begin December 1, 2002, and the sales closing date for AGR-Lite is January 31, 2003.



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

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Although insurance purchases must be executed through crop insurance agents, the RMA premium calculator is now 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

Because the Federal Crop Insurance Act limits the amount of livestock insurance that may be reinsured each year, the Risk Management Agency (RMA) must review all AGR-Lite applications and provide an approval number to the company before coverage can be bound. RMA has developed a web-based computer program for this purpose, which operates on a real-time basis. RMA will track total sales and, if necessary, close sales of new and renewed policies when the annual underwriting capacity for livestock insurance has been obligated. This system to determine acceptance of AGR-Lite applications will be available to insurance companies by December 20, 2002.

Following RMA's confirmation of acceptance of the application, insurance companies may notify their applicants that insurance will attach. Unlike most other lines of insurance reinsured by FCIC, crop insurance agents will not have binding authority.

Companies intending to sell AGR-Lite must first sign the AGR-Lite Amendment No. 4 to the Standard Reinsurance Agreement. A Manager's Bulletin will be issued soon providing instructions to execute the amendment.

ACTION:

The AGR-Lite materials listed below have been placed on the RMA website. The materials placed there include the following:

<u>Material</u>	<u>Web Address</u>
Basic Policy	http://www.rma.usda.gov/policies/2003policy.html
Underwriting Rules	http://www.rma.usda.gov/policies/2003agr-lite.html
AGR-Lite Handbook	http://www.rma.usda.gov/policies/2003agr-lite.html
Draft Manual 13 Requirements	http://www.rma.usda.gov/data/m13/
Special Provisions	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, 2003.