



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

November 5, 2003

INFORMATIONAL MEMORANDUM: R&D-03-044

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

FROM: Tim B. Witt /s/ Rodger Matthews, for
Deputy Administrator

SUBJECT: 2004 Adjusted Gross Revenue-Lite (AGR-Lite) Insurance Policy Materials Available

BACKGROUND:

On August 1, 2003, the Federal Crop Insurance Corporation's (FCIC) Board of Directors approved policy revisions and expansion of the Adjusted Gross Revenue-Lite (AGR-Lite) insurance policy submitted by the Pennsylvania Department of Agriculture (PDA). Expansion states include Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey (except Hudson County), New York (52 selected counties), Vermont, Rhode Island, and West Virginia. The AGR-Lite program is already available in all counties in Pennsylvania except Philadelphia County.

AGR-Lite provides whole-farm revenue insurance. 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.

Changes to the policy for 2004 include raising the liability limit to \$250,000, adding an additional coverage level/payment rate combination of 75/65 for one-commodity farms, adding organic language to the policy, and allowing the premium calculator to group revenue from commodities that do not meet the revenue requirement for coverage level determination in order to qualify more farms for higher coverage levels.

The sales closing date for AGR-Lite is January 31, 2004. Producers interested in AGR-Lite should contact a crop insurance agent and complete an application. Risk Management Agency (RMA) publishes a list of agents on its web site. The address of the website is: www.rma.usda.gov/.



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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 will be available by early December 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 RMA must review all AGR-Lite applications and provide an approval number to the company before coverage can be bound. Companies are reminded that they do not have authority to bind coverage without first obtaining an approval number from RMA's e-DAS system. E-DAS operates on a "real-time" basis and will track total sales, discontinuing sales of both new and renewed policies for those farms with animals and animal products when the annual underwriting capacity for livestock insurance has been obligated.

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 do not have binding authority for AGR-Lite.

Companies intending to sell AGR-Lite must first sign the AGR-Lite Amendment No. 4 to the Standard Reinsurance Agreement.

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/2004policy.html
Underwriting Rules	http://www.rma.usda.gov/policies/2004agr-lite.html
AGR-Lite Handbook	http://www.rma.usda.gov/policies/2004agr-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, 2005.