



United States
Department of
Agriculture



Program
Aid
Number 1667-06

A Risk Management Agency Fact Sheet

Adjusted Gross Revenue (AGR)

January 2001

The AGR product provides protection against low revenue due to unavoidable natural disasters and market fluctuation that occur during the insurance year. Covered farm revenue consists of income from agricultural commodities, including incidental amounts of income from animals and animal products and aquaculture reared in a controlled environment. Animal/animal product income is representative of the value of crop production fed to livestock.

The AGR concept:

- Uses a producer's historical IRS Schedule F tax form information and annual farm report as a base to provide a level of guaranteed revenue for the insurance period.
- Provides insurance coverage for multiple agricultural commodities in one insurance product.
- Establishes revenue as a common denominator for the production of all agricultural commodities.
- Reinforces program credibility by using IRS tax forms and regulations to alleviate compliance concerns.

Producer Eligibility

A producer must meet these criteria to be eligible for AGR coverage:

- Be a U.S. citizen or resident.
- File a calendar year or fiscal year farm tax return.¹
- Produce agricultural commodities primarily in pilot counties (may include income from contiguous non-pilot counties).
- Have had same tax entity for 7 years unless a change in tax entity is reviewed and approved by the insurance provider (filed 5 consecutive years of Schedule F tax forms, plus previous year and insurance year).

¹If more than one legal tax entity, producers may insure each legal tax entity producing agricultural commodities under a separate policy.

- Purchase traditional Federal crop insurance, if available, when more than 50 percent of expected income is from insurable commodities. AGR complements other Federal crop insurance plans—such as Multi-Peril Crop Insurance, Crop Revenue Coverage, Income Protection, and Revenue Assurance—by coordinating the insurance protection and benefits with the other plans. When producers purchase both AGR and other crop insurance plans, the AGR premium will be reduced.

- Earn no more than 35 percent of expected allowable income from animals and animal products.

AGR Application Information

Producers need the following information to fill out an AGR application:

- An annual farm report for the insurance year listing each commodity to be produced, the expected quantity of the commodity to be produced, and the expected price for the commodity.
- Beginning inventories, if applicable.
- Indication of changes that will result in less income for the insurance year than the historic average.

AGR Time-Line

Sales Closing Date. January 31 (cancellation and termination date also)

Beginning of Insurance. January 1 (For the year of application, the beginning of insurance is 10 days after a properly completed application is received.)

Contract Change Date. November 30

Insurance Year. The calendar year in which the sales closing date occurs and includes both calendar year and fiscal year filings (corresponding to the producer's IRS tax period).

Claims. Claims are settled after taxes are filed for the insurance year.

Choosing a Revenue Guarantee

AGR protection is calculated by multiplying the approved adjusted gross revenue by the coverage level and payment rate percentage selected by the producer. The coverage level will determine when indemnity payments begin. The payment rate will determine how much the producer will be paid for each dollar lost under the coverage level. Coverage levels and payment rates can vary with the number of crops produced and are selected by the producer from the county actuarial (Special Provisions of Insurance). A producer selects one amount of coverage.

Loss Payments

Loss payments are triggered when the adjusted income for the insured year is less than the loss inception point. The loss inception point is calculated by multiplying the approved adjusted gross revenue times the selected coverage level. Once a revenue loss is triggered, the insured is paid based on the payment rate selected, either 75 percent or 90 percent of each dollar lost.

Available Coverage

65% Coverage Level/ 75% or 90% Payment Rate

For the 75-percent payment rate, any number of commodities can be produced; for the 90-percent payment rate, a minimum of two commodities must be produced, with each contributing a certain percentage of revenue.)

75% Coverage Level/ 75% or 90% Payment Rate

For 75-percent and 90-percent payment rates, a minimum of two commodities must be produced with each contributing a certain percentage of revenue.

80% Coverage Level / 75% or 90% Payment Rate

For 75-percent and 90 percent payment rate, a minimum of four commodities must be produced with each contributing a certain percentage of revenue.

Where To Purchase

AGR insurance policies are available from private insurance agents. A list of crop insurance agents is available at all USDA Service Centers throughout the United States, or at the web site address: <http://www3.rma.usda.gov/tools/agents>

Cost-Share for Underserved Northeastern States

The Agricultural Risk Protection Act of 2000 has authorized cost-sharing to assist producers in reducing financial risk through production diversification. To meet this directive, RMA has announced a cost-share program for AGR insurance that is available in 11 underserved Northeastern States: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Rhode Island, and Vermont.

Loss Payment Example

Assumptions:

- Approved AGR of \$94,900
- AGR 5-year average expenses of \$63,480
- Adjusted gross income of \$21,000 (revenue to count)
- 80-percent coverage level and 90-percent payment rate.

Determining Loss:

- Approved AGR of \$94,900 X 80-percent coverage level = \$75,920.
- \$75,920 - \$21,000 revenue to count = \$54,920 loss of revenue.
- \$54,920 X 90-percent payment rate = \$49,428 indemnity due the insured.
- If a 75-percent payment rate had been selected, the indemnity due would be \$41,190.

Note: If the insured's allowable expenses for the current crop year falls below 70 percent of the approved expenses (\$63,480 X 70 percent = \$44,436), the approved AGR will be reduced.

This summary is for general illustration purposes only. Please contact a private crop insurance agent to learn more about AGR.

Table 1—Pilot Counties for the 2001 Crop Year

State	Counties/Cities
Connecticut	All counties
Delaware	All counties
Florida	Alachua, Gilchrist, Levy, Marion, Sumter, and Suwannee
Idaho	Canyon, Payette, and Washington
Maine	All counties
Maryland	Anne Arundel, Baltimore, 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 (20 counties), and Baltimore City
Massachusetts	All counties
Michigan	Allegan, Berrien, Kent, Mason, Muskegon, Newaygo, Oceana, Ottawa, and Van Buren
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
Oregon	Benton, Clackamas, Columbia, Lane, Linn, Malheur, Marion, Multnomah, Polk, Washington, and Yamhill
Pennsylvania	Berks, Carbon, Lackawanna, Lehigh, Monroe, and Northampton
Rhode Island	All counties
Virginia	Accomack, Caroline, Charles City, Chesterfield, Essex, Gloucester, Hanover, Henrico, Isle of Wight, James City, King and Queen, King George, King William, Lancaster, Mathews, Middlesex, New Kent, Northampton, Northumberland, Prince George, Richmond, Southampton, Surry, Sussex, Westmoreland, and York (26 counties), and the following independent cities: Chesapeake, Colonial Heights, Franklin, Hampton, Hopewell, Newport News, Norfolk, Petersburg, Poquoson, Portsmouth, Richmond, Suffolk, Virginia Beach, and Williamsburg
Vermont	All counties
Washington	Adams, Benton, Chelan, Douglas, Franklin, Grant, Kittitas, Klickitat, Okanogan, Walla Walla, and Yakima

All eligible producers purchasing AGR insurance policies in these States will receive cost-share assistance amounting to 50 percent of the producer-paid premium as well as the \$30 administrative fee.

Coverage Level	Payment Rate	Cost-share of Producer-Paid Premium¹	Administrative Fee¹
All	All	50%	\$30

¹USDA-paid.

Contact Information

For AGR program information, agents and producers can contact regional Risk Management Agency offices.

For **Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Virginia**, contact:

Raleigh Regional Office
Attn: Cliff Parker
4407 Bland Road, Suite 160
Raleigh, NC 27609
Phone: (919) 875-4880

For **Michigan**, contact:
Springfield Regional Office
Attn: Thomas McKean
3500 West Wabash
Springfield, IL 62707
Phone: (217) 241-6600

For **Florida**, contact:
Valdosta Regional Office
Attn: Dale Rackley or Paul Walden
106 South Patterson St., Suite 250
Valdosta, GA 31601-5609
Phone: (912) 219-2219/2206

For **Idaho, Oregon, and Washington**, contact:
Spokane Regional Office
Attn: Dave Paul
112 N. University Road, Suite 205
Spokane, WA 99206-5295
Phone: (509) 353-3149

This fact sheet provides certain features of the AGR plan and is not comprehensive to the AGR policy. The information presented here neither modifies nor replaces terms and conditions of the basic policy, the AGR provisions, or county actuarial document.

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