



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO: MGR-01-026

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

FROM: Phyllis W. Honor /s/ Phyllis W. Honor 10-17-01
Acting Administrator

SUBJECT: 2002 Cost-Share Program for Adjusted Gross Revenue Insurance in Selected
Underserved States

BACKGROUND:

Section 133(b) of the Agricultural Risk Protection Act of 2000 (2000 Act) states that “The Secretary shall provide cost share assistance to producers in a manner determined by the Secretary, in not less than 10, nor more than 15, States in which participation in the Federal crop insurance program is historically low, as determined by the Secretary.” Among other uses, the 2000 Act authorizes cost-share assistance related to the mitigation of financial risk through production diversification.

For 2001, RMA offered a cost-share program for Adjusted Gross Revenue (AGR) insurance in eleven northeastern underserved states (see MGR-00-033). AGR is a “whole farm” insurance plan that is currently being piloted in selected areas of the country. RMA will continue to offer this cost-share program for crop year 2002. As with the 2001 program, RMA will share in 50 percent of the producer paid premium for all eligible AGR policies. This 50 percent cost-share will be calculated on the premium remaining after the standard premium subsidy for AGR, as authorized under section 508(e) of the Federal Crop Insurance Act, is applied. In addition, RMA will pay the entire administrative fee for all eligible policies.

This bulletin outlines the 2002 AGR Cost-Share Program.



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

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ACTION:

The 2002 AGR Cost-Share Program will be implemented in accordance with the following criteria:

1. Cost-Sharing will be available for all 2002 AGR policies in the states and counties listed below.

<u>State</u>	<u>County*</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, Yates
Pennsylvania	Berks, Carbon, Lackawanna, Lehigh, Monroe, Northampton
Rhode Island	All Counties
Vermont	All Counties

* The Sales Closing Date for all states with AGR insurance is January 31, 2002.

- 2. All producers purchasing AGR insurance policies in these states and counties will receive cost-share assistance as given in the table below:

2002 Adjusted Gross Revenue Cost-Share Program Schedule	
Coverage Level	All
Payment Rate	All
Cost-Share Factor (RMA Share of Producer Paid Premium)	50 %
Administrative Fee (Paid by RMA)	Entire Fee

- 3. Reinsured companies must advise agents to inform producers in eligible states and counties of the availability of the AGR Cost-Share Program. Producers must apply for new or modified coverage for AGR no later than the Sales Closing Date, which is January 31, 2002, for all states and counties. No additional application is necessary to qualify for the cost-share program, as it will be applied automatically to all eligible policies.
- 4. For premium calculation and data submission purposes, reinsured companies are directed to use the field identified as “Additional Subsidy” to apply the cost-share. The calculation of Producer Premium is as follows:
 - a) $Subsidy = Total\ Premium * Subsidy\ Factor$
 - b) $Preliminary\ Producer\ Premium = Total\ Premium - Subsidy$
 - c) $Additional\ Subsidy = Preliminary\ Producer\ Premium * Cost-Share\ Factor$
 - d) $Producer\ Premium = Preliminary\ Producer\ Premium - Additional\ Subsidy$
- 5. RMA will provide specific guidance regarding submission of data via updates to Manual-13 following consultation with the industry.

DISPOSAL DATE:

This bulletin is for transmitting information and the expiration date is December 31, 2002.