



United States  
Department of  
Agriculture

Risk  
Management  
Agency

6501 Beacon Drive  
Kansas City,  
MO 64133-4676

November 3, 2004

**INFORMATIONAL MEMORANDUM: R&D-04-047**

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

**FROM:** Tim B. Witt /s/ *Tim B. Witt*  
Deputy Administrator

**SUBJECT:** 2005 Adjusted Gross Revenue-Lite (AGR-Lite) Insurance Policy Materials Available

**BACKGROUND:**

On May 6, 2004, the Federal Crop Insurance Corporation's (FCIC) Board of Directors approved expansion of the Adjusted Gross Revenue-Lite (AGR-Lite) insurance policy submitted by the Pennsylvania Department of Agriculture (PDA) along with the North Carolina Department of Agriculture and the Washington State University Extension Western Center for Risk Management Education. Expansion states include Alaska (selected counties), Idaho, Oregon, North Carolina, and Washington. The AGR-Lite program is already available in all counties in Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey (except Hudson County), New York (52 selected counties), Pennsylvania (except Philadelphia County), Vermont, Rhode Island, and West Virginia.

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 2005, which are applicable in all states where AGR-Lite is available, include:

- (1) The definition of "Limited Resource Farmer" is changed to adopt the limited resource farmer definition applicable under all USDA programs.
- (2) Section 5(c)-Added language to provide for a waiver of administrative fee if the insured qualifies as a limited resource farmer.
- (3) Section 9(a)(4) - Added language to allow insureds to provide final tax information necessary for an indemnity payment following a Federal tax filing extension. The extension must be approved by the Internal Revenue Service and taxes must be filed by the final extended tax due date.



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

An Equal Opportunity Employer

The sales closing date for AGR-Lite is January 31, 2005. Producers interested in AGR-Lite should contact a crop insurance agent and complete an application. The Risk Management Agency (RMA) publishes a list of agents on its web site. The address of the website is: [www.rma.usda.gov/](http://www.rma.usda.gov/).

Although insurance purchases must be executed through crop insurance agents, the RMA premium calculator is 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 RMA must review all AGR-Lite applications and provide an approval number to the company before coverage can be bound. Insurance 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 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.

**ACTION:**

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

<u>Material</u>	<u>Web Address</u>
Basic Policy	<a href="http://www.rma.usda.gov/policies/2005policy.html">http://www.rma.usda.gov/policies/2005policy.html</a>
Underwriting Rules	<a href="http://www.rma.usda.gov/policies/2005agr-lite.html">http://www.rma.usda.gov/policies/2005agr-lite.html</a>
AGR-Lite Handbook	<a href="http://www.rma.usda.gov/policies/2005agr-lite.html">http://www.rma.usda.gov/policies/2005agr-lite.html</a>
Manual 13 Requirements	<a href="http://www.rma.usda.gov/data/m13/">http://www.rma.usda.gov/data/m13/</a>
The following document will be placed on the RMA website no later than November 5:	
Special Provisions	<a href="http://www3.rma.usda.gov/apps/docbrowser/">http://www3.rma.usda.gov/apps/docbrowser/</a>

**DISPOSAL DATE:**

This Informational Memorandum is for the purpose of transmitting information and its disposal date is December 31, 2006.