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Department of
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Federal Crop
Insurance
Corporation



Product
Development
Division

FCIC-18050 (01-2005)

ADJUSTED GROSS REVENUE STANDARDS HANDBOOK

2005 and Succeeding Insurance Years

**UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250**

FEDERAL CROP INSURANCE HANDBOOK	NUMBER: FCIC 18050 (01-2005)
SUBJECT:	OPI: Product Development Division
ADJUSTED GROSS REVENUE STANDARDS HANDBOOK 2005 AND SUCCEEDING INSURANCE YEARS	APPROVED: /S/ Tim B. Witt DATE: January 26, 2005 Deputy Administrator, Research and Development

HANDBOOK FCIC-18050 (01-2005) CONTAINS THE OFFICIAL FCIC-APPROVED UNDERWRITING, ADMINISTRATION, AND LOSS ADJUSTMENT STANDARDS FOR AGR FOR 2005 AND SUCCEEDING INSURANCE YEARS. IN THE ABSENCE OF INDUSTRY-DEVELOPED, FCIC-APPROVED PROCEDURE FOR AGR FOR 2005 AND SUCCEEDING INSURANCE YEARS, ALL REINSURED COMPANIES WILL UTILIZE THESE STANDARDS FOR UNDERWRITING, LOSS ADJUSTMENT, AND FOR LOSS TRAINING.

FCIC-18050 (01-2005) is the Adjusted Gross Revenue Standards Handbook issued for 2005 AGR insurance year.

The following list contains significant changes to this handbook, as determined by us. It may not represent all changes made. All changes made to this handbook are applicable regardless of whether or not listed.

SUMMARY OF CHANGES/CONTROL CHART

Major Changes: See changes or additions in text, which have been **highlighted**. Three stars (***) identify information that has been removed.

1. Changes for January 2005 Issuance: FCIC-18050 (01-2005)

- A Updated dates/years through the handbook to coincide with the 2005 AGR insurance year.
- B Part 1, Section 6, clarified definition for Allowable Expenses.
- C Part 1, Section 6, updated the definition for Limited Resource Farmer.
- D Part 1, Section 6, clarified who must provide Substitute Schedule F Forms.
- E Part 1 Section 7C(8), clarified the importance of obtaining records and documentation required.
- F Part 1 Section 8B(1), made a technical correction to IRS requirements when activities not incidental to farming are reported.
- G Part 2 Section 11D(4), clarified Waiver of Administrative Fees.
- H Part 2 Section 16B, added a paragraph explaining use of substitute Schedule F.

SUMMARY OF CHANGES/CONTROL CHART (Continued)

- I Removed the word NOTE throughout the handbook to meet legal requirements.
- J Part 2, Section 20B(3)(d), (e), and (f) added instructions for supplemental information needed to underwrite Citrus, Raisins and commodities sold with Co-op retainages.
- K Part 3, Section 25C(1), referenced Exhibits 8 and 9.
- L Part 3, Section 28B, added instructions for insureds who have been granted a tax filing extension.
- M Page 109, 123, 155, and 156 corrected equation shown in item 29 of the AGR Claim for Indemnity Worksheet
- N Updated Exhibit 2 commodity lists to match the commodities in the premium calculator.
- O Exhibit 4 Section 3C, added website addresses for price sources.
- P Added Exhibit 8, instructions and optional Allowable Expense Worksheet.
- Q Added Exhibit 9, instructions and optional Allowable Income Worksheet
- R Added Exhibit 10, instructions and optional Cash Basis Worksheet for use with Claims for Indemnities.

Control Chart For: 2005 Adjusted Gross Revenue Standards Handbook						
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(RESERVED)

PART 1 GENERAL

1 PURPOSE

This handbook identifies the specific standards (requirements) for underwriting, administering, and adjusting Adjusted Gross Revenue (AGR) losses in a uniform and timely manner and is to be used in conjunction with the LAM. These standards include instructions for completing the AGR Application, Annual Farm Report, Inventory and Accounts Receivable Report, Agricultural Commodity Profile, Animal Inventory/Accounting Worksheet, and the AGR Claim for Indemnity Worksheet.

2 SPECIAL INSTRUCTIONS

2A **This is the underwriting and loss adjustment standards handbook** for the AGR Pilot Program. The states and counties under the AGR Pilot Program for the 2005 **and succeeding** insurance years **are** as follows:

California	Fresno, Kern, Riverside, San Diego, San Joaquin, San Luis Obispo, Tulare, and Ventura
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, Baltimore City, Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Harford, Howard, Kent, Montgomery, Prince Georges, Queen Annes, St. Marys, Somerset, Talbot, Wicomico, and Worcester
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, Columbia, Crawford, Erie, Fayette, Lackawanna, Lancaster, Lehigh, Monroe, Northampton, Schuylkill, Westmoreland, and York
Rhode Island	All counties
Vermont	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 Counties and the following independent cities Chesapeake, Colonial Heights, Franklin, Hampton, Hopewell, Newport News, Norfolk, Petersburg, Poquoson, Portsmouth, Richmond, Suffolk, Virginia Beach, and Williamsburg
Washington	Adams, Benton, Chelan, Douglas, Franklin, Grant, Kittitas, Klickitat, Okanogan, Walla Walla, and Yakima

2B **This handbook remains in effect until superseded** by re-issuance of an entire handbook or selected portions (through slipsheets or bulletins). If slipsheets have been issued for a handbook, the original handbook as amended by slipsheet pages shall constitute the handbook. A bulletin can supersede either the original handbook or subsequent slipsheets.

3 OPERATING POLICY

3A **Insurance Providers**. Insurance Providers must use this handbook to develop any appropriate underwriting, administration, accounting and loss adjustment procedures and training material. Such material must be consistent with the standards in this handbook. Insurance Providers may find it necessary to provide additional internal guidelines or procedures for adjusting losses on their insurance contracts. Any additional guidelines or procedures will require FCIC approval unless otherwise provided in writing by FCIC.

3B **Specific Entry Standards**. These standards provide entry-specific generic forms. Insurance Providers' forms and procedures must comply with these standards in at least an equivalent manner.

4 ABBREVIATIONS

ACT	The Federal Crop Insurance Act, (7 U.S.C. 1501 <u>et seq.</u>)
AGR	Adjusted Gross Revenue
AMS	Agricultural Market News Service
APH	Actual Production History
CAT	Catastrophic Risk Protection
CCC	Commodity Credit Corporation
CIH	Crop Insurance Handbook
CSREES	Cooperative State Research, Education, and Extension Service
FSA	Farm Service Agency
FCIC	Federal Crop Insurance Corporation
IRS	Internal Revenue Service
LAM	Loss Adjustment Manual
MPCI	Multiple Peril Crop Insurance
NASS	National Agriculture Statistical Service
PHTS	Policyholder Tracking System
RMA	Risk Management Agency
USA	United States of America
USDA	United States Department of Agriculture

5 FORMS AND PROCEDURES

5A **Insurance Providers**. Insurance Providers must use FCIC-approved standard procedures in developing procedures, training, forms, and completion instructions. All procedures, forms, and completion instructions must be submitted for approval in accordance with the FCIC-24040, Documents Standards Handbook.

5B **General Forms and Manuals.** General forms and manuals (or their equivalent) necessary for recording information and completing loss adjustment are identified in this handbook.

5C **Distribution.** The following is the minimum distribution of form(s) completed by the adjuster (and signed by the insured) for the loss adjustment inspection:

C (1) **One legible copy goes to the insured.**

C(2) **The original and all remaining copies** are distributed as instructed by the Insurance Provider.

It is the Insurance Provider's responsibility to maintain original insurance documents relative to policyholder servicing as designated in their approved plan of operations.

6 DEFINITIONS

6A **Terms and definitions** that are **general** are identified in the LAM and CIH.

6B **Terms and definitions specific** to AGR, which are not defined in this section, are defined as they appear in the text.

6C **Refer to the definitions below** and the Adjusted Gross Revenue **Policy** for additional definitions.

Accounts Payable (beginning) - Expenses incurred prior to the insurance year, but that have not been paid at the beginning of the insurance year and must be supported by verifiable records.

Accounts Payable (ending) - Expenses incurred prior to and during the insurance year, but that have not been paid at the end of the insurance year and must be supported by verifiable records.

Accounts Receivable (beginning) - Allowable income earned prior to the insurance year, but that has not been received at the beginning of the insurance year and must be supported by verifiable records. This amount includes the value of beginning inventory that is under a contract with a buyer to be purchased at a specified price.

Accounts Receivable (ending) - Allowable income earned prior to and during the insurance year, but that has not been received at the end of the insurance year and must be supported by verifiable records. This amount includes the value of ending inventory that is under a contract with a buyer to be purchased at a specified price.

Accrual Accounting Method - A system of record keeping in which farm business income earned and expenses incurred for a specified time period are recorded regardless of whether or not the income was received or the expenses were paid during the specified time period.

Agricultural Commodity – Grain and non-grain crops, vegetables, fruits, nuts, nursery plants, floriculture, Christmas trees, Maple tree sap, animals, and products from animals such as milk, eggs, etc., and any other agricultural products, excluding timber, forest, and forest products.

AGR Expense History - A written record on the Insurance Provider's form of 5 consecutive tax years of allowable expenses prior to the year immediately preceding the insurance year (a lag year). The Insurance Provider must be able to verify the accuracy of this record using farm tax forms or amendments to such forms that have been submitted to the IRS, or other records approved by the Insurance Provider on an individual case basis.

AGR Income History - A written record on the Insurance Provider's form of 5 consecutive tax years of allowable income prior to the year immediately preceding the insurance year (is a lag year). The Insurance Provider must be able to verify the accuracy of this record using farm tax forms or amendments to such forms that have been submitted to the IRS, or other records approved by the Insurance Provider on an individual case basis.

Allowable Expenses – Farm expenses that are reported to the IRS, for the production of insurable agricultural commodities (produced by the insured). **Only expenses directly associated with the production of insurable agricultural commodities are allowable, indirect expenses must be excluded. Direct farming expenses are farm labor and inputs. Indirect farming expenses are administration, marketing, and overhead. Where direct and indirect expenses are reported on the same line of the tax return (for example, office utilities on the same line as utilities for irrigation), the allowable portion is the direct portion (utilities for irrigation). Include only the direct expenses reported on the lines** specifically listed below:

- (a) The cost or other basis of animals and other agricultural commodities the insured bought for resale that were sold during the tax year (line 2 of Schedule F);
- (b) Car and truck expenses (line 12 of Schedule F);
- (c) Chemicals (line 13 of Schedule F);
- (d) Conservation expenses (line 14 of Schedule F);
- (e) Custom hire (machine work)(line 15 of Schedule F);
- (f) Depreciation and section 179 expense deduction not claimed elsewhere (line 16 of Schedule F) (Include only the amount of depreciation allowed for animals.);
- (g) Feed purchased (line 18 of Schedule F);
- (h) Fertilizers and lime (line 19 of Schedule F);
- (i) Freight and trucking (line 20 of Schedule F);
- (j) Gasoline, fuel, and oil (line 21 of Schedule F);
- (k) Insurance (other than health) (line 22 of Schedule F);
- (l) Labor hired (less employment credits) (line 24 of Schedule F) (Exclude share holder wages, if reported on this line.);
- (m) Repairs and maintenance (line 27 of Schedule F);
- (n) Seeds and plants purchased (line 28 of Schedule F);
- (o) Storage and warehousing (line 29 of Schedule F);
- (p) Supplies purchased (line 30 of Schedule F) (Exclude those used in post-production value added operations such as processing, packing, packaging, etc.);

- (q) Utilities (line 32 of Schedule F);
- (r) Veterinary, breeding, and medicine (line 33 of Schedule F); and
- (s) Other farm expenses (line 34 of Schedule F) (include only those expenses directly related to the production of agricultural commodities that the IRS allows the insured to report.)

Reasonable costs associated with production of insured commodities paid to persons other than members of the insured entity for custom hire or machine work is considered allowable expenses. Reasonable wages paid for regular farm labor, piecework, contract labor, and other forms of labor that may be reported to the IRS are used for AGR. However, wages or other compensation paid to children and spouses are allowed only if a true employer-employee relationship exists between the insured and the spouse/child.

Line references are for taxpayers using Schedule F Part II-Cash or Accrual Method to report deductible expenses to IRS. If expenses that are not allowed for AGR purposes are included on the Schedule F, such expenses must be subtracted (from the expenses reported to the IRS) to calculate ALLOWABLE expenses for AGR. This includes expenses related to post-production added value operations and costs that are capitalized for tax purposes (e.g., costs that are capitalized to establish orchards/vineyards or replacement of destroyed or damaged vineyards or orchards) and expenses associated with custom hire (machine work) income are not allowable expenses for AGR.

Allowable Income - Farm income from the production of insurable agricultural commodities minus added value for any agricultural commodity due to post-production operations such as processing, packing, packaging, etc. that the IRS requires producers to report. Include only the amount the producer received from:

- (a) The sales of animals and other agricultural commodities bought for resale (*line 3 or **line 38 of Schedule F) by the insured less the cost or other basis (*line 2 or **line 50 of Schedule F) of such animals or other commodities that were sold during the tax year;
- (b) The sales of animals, produce, grains and other agricultural commodities raised by the insured (*line 4 or **line 38 of Schedule F). The accrual method consolidates income, on line 38, from the sales of animals and other agricultural commodities bought for resale **and** the income from the sales of animals, produce grains and other agricultural commodities raised by the insured;
- (c) The taxable amount of total cooperative distributions (*line 5b or **line 39b of Schedule F) (Include only those directly related to the sale of agricultural commodities.);
- (d) Commodity Credit Corporation (CCC) loans reported under election (*line 7a or **line 40b of Schedule F)(Amounts received from the CCC for production that was placed under loan and that the insured elected to report to the IRS in a tax year prior to the year in which the loan period ends.);

* Part I-Cash Method

** Part III-Accrual Method [See Part 3, Section 25 for additional accrual adjustments method information.]

- (e) The taxable amount of CCC loans forfeited (*line 7c or **line 41c of Schedule F)(Amounts received from the CCC for production that was placed under loan.);
- (f) Other income (*line 10 or **line 44 of Schedule F), excluding Federal and state gasoline or fuel tax credits or refunds reported on this line. Include all income directly related to the production of insured agricultural commodities (produced by the insured) that the IRS requires the taxpayer to report including, but not limited to:
- (1) Income from bartering (This amount is determined in accordance with IRS rules.);
 - (2) Payments from buyers of agricultural commodities for bypassed acreage (Payments made to the insured in accordance with a contract between the insured and a buyer for not harvesting a crop.); and
 - (3) Diversion or set-aside payments or other income from such programs under any Federal, or State program, or other marketing order (Payments made to the insured for not producing or harvesting an agricultural commodity.).

Revenue not covered by the AGR policy and reported as income on the insured's Schedule F, must be subtracted to arrive at ALLOWABLE income for AGR (e.g., the cost of post-production operations, added value due to post-production operations that alter the physical nature of commodities or custom hire or machine work income is not allowable income).

Animals - Living organisms other than plants or fungi that are produced or raised in farming operations, including but not limited to bovine, equine, swine, sheep, goats, poultry, aqua cultural species propagated or reared in a controlled environment, bees, and fur bearing animals, excluding animals for sport, show, or pets.

Approved AGR - The simple average of the AGR income history included on the insured's Farm Report adjusted to reflect any expected increase (Indexed income) or reduction (total expected income) or reduction in allowable income for the insurance year [See Part 2, Section 19, Par. B].

Approved Expenses - The simple average of the AGR expense history included on the insured's Farm Report adjusted to reflect any expected increase (Indexed expenses) or reduction (total expected expenses) in allowable expenses (based on total expected income) for the insurance year [See Part 2, Section 19, Par. E].

Average AGR - The sum of five years of historic AGR divided by five.

Base Period - Five consecutive tax years, beginning five years prior to the year immediately preceding the insurance year (a lag year) for which the approved AGR yield is being calculated. Example: The insurance year is 2005; the lag year is 2004, therefore, the base period will be the 1999 - 2003 tax years. The AGR database MUST contain five consecutive tax years.

Calendar Year- A period of 12 consecutive months beginning with January 1 and ending on December 31.

Carryover AGR Insured - A person or entity who was insured under AGR the previous insurance year without respect to the Insurance Provider or agent, determined on an entity basis.

Changes - Changes in ownership, business structure, size of operation, share, management practices, type of farming activity, accounting methods or any other practices that may alter the average farm income.

Continuous AGR Reports - AGR reports submitted by a producer for each consecutive tax year within the base period. Continuity is interrupted if a producer is NOT entitled to income from a share in ANY agricultural commodity's production during a tax year.

Contract - The contractual agreement between the insured and the Insurance Provider consisting of the accepted application, the AGR Provisions, the AGR Special Provisions, the AGR software, and the applicable regulations published in 7 CFR Chapter IV.

Cost - The actual dollar amount paid for an agricultural commodity bought for resale or for animals depreciated for tax purposes. The cost of a commodity bought for resale is entered on line 2 cash method and line 50, accrual method (Schedule F) and subtracted from the income for the tax year the commodity is sold.

County - Any county, parish, or other political subdivision of a state.

Coverage - The insurance provided by the AGR policy against loss of covered revenue.

Database - The data used to calculate the average/approved AGR and record the AGR history. Five continuous tax years of data are used.

Days - Calendar days.

Deferred Income - Income the insured has chosen to postpone to the following tax year.

Expected Value – See Exhibit 4, for additional information

Farm Report - A required report that must be submitted to the Insurance Provider at the time of application for the initial year and by the sales closing date for subsequent years. The annual farm report will consist of:

- (a) AGR Expense and income histories (Revenue Report);
- (b) Intended Commodity Report;
- (c) A Report of Changes if applicable;
- (d) Beginning Inventory if applicable;
- (e) Copies of Applicable Schedule F(s).

Farm Tax Forms - IRS income tax forms used to report farm income and expenses, specifically including Schedule F.

FCIC - The Federal Crop Insurance Corporation, a wholly owned government corporation administered by the Risk Management Agency within USDA.

Fiscal Year- A period of 12 consecutive months used for accounting and tax purposes, and ending on the last day of the twelfth month as long as the month is not December. See Exhibit 3.

Good Farming and Management Practices - The practices, used in the area for the production and marketing of the agricultural commodities produced by the insured that are determined by FCIC as necessary to produce at least the approved AGR. (See Part 2, Section 11, Par. A(3)). For crops, the practices are those determined by FCIC to be compatible with agronomic, weather, and other conditions in the area. Good farming and management practices will include replacing (or replanting for crops) damaged or lost agricultural commodities, when allowable income from the sale of agricultural commodities will exceed the cost of replacing or replanting the agricultural commodity.

Gross Income – Income prior to removal of expenses.

Inspection - An on-farm visit by the Insurance Provider's representative to verify the applicant's/insured's underwriting information, amount of reported damage, cause of loss, complete a claim for indemnity, or perform a quality control review.

Insurance Period - For the year of application, coverage for commodities earning income during the insurance period (calendar or fiscal year) begins 10 days after the insurance provider receives the properly completed application and ends on the last day of the applicable tax year. Following the year of application, coverage is provided against loss of revenue due to unavoidable natural disasters that occur during the current or previous insurance year and market fluctuation that causes a loss in revenue for the current insurance year. For insureds with fiscal tax years, coverage is provided for the fiscal year that begins AFTER the sales closing date for the insurance year. The insurance period ends at the same time as the IRS tax year.

Insurance Provider - A company reinsured by FCIC that provides crop insurance coverage to producers participating in any Federal crop insurance program administered under the ACT.

Insurance Year – A calendar year if the insured files taxes on a calendar year basis. A fiscal year if the insured files taxes on a fiscal year basis. The insurance year is designated by the calendar year in which the sales closing date occurs.

Insured - The named person as shown on the application accepted by the Insurance Provider. This term does not extend to any other person having a share or interest in any portion of the insured's farming operation (for example, a partnership, landlord, or any other person).

Insured Revenue - Income from the sale of agricultural commodities the insured produces, the sale of agricultural commodities the insured purchases for resale (the producer is not eligible for AGR coverage if the expected allowable income from agricultural commodities purchased for resale exceeds 50 percent of the total expected allowable income), and all other allowable income as defined in the AGR Policy. See Part 1, Section 8, Par. A.

Irrigated Practice - A method of producing a crop by which water is artificially applied during the growing season by appropriate systems and at the proper times, with the intention of providing the quantity of water needed to produce at least a normal irrigated yield.

Inventory (beginning) - A written record of the agricultural commodities the insured produced prior to the insurance year, but that have not been sold or otherwise disposed of at the beginning of the insurance year. Verifiable records must support these records. Any agricultural commodity that is under a futures contract with a buyer to be purchased during the previous insurance year at a price that will not be determined until the current insurance year will be considered ending inventory. For example, if the insured executed a futures contract on June 30, 2005, with the price to be determined by averaging the first 10 days price for the agricultural commodity on the Chicago Board of Trade for the month of March, 2006, the beginning inventory for the 2005 insurance year will include the production or amount of the agricultural commodity under contract. The value will be determined as specified in Part 3, Section 27. (The example is for a calendar year tax filer.)

Inventory (ending) - A record of the agricultural commodities the insured produced prior to and during the insurance year, but that have not been sold or otherwise disposed of at the end of the insurance year. Verifiable records must support these records. Any agricultural commodity that is under a futures contract with a buyer to be purchased during the insurance year at a price that will not be determined until the subsequent insurance year will be considered ending inventory. For example, if the insured executed a futures contract on June 30, 2005, with the price to be determined by averaging the first 10 days price for the agricultural commodity on the Chicago Board of Trade for the month of March, 2006, the ending inventory for the 2005 insurance year will include the production or amount of the agricultural commodity under contract. The value will be determined as specified in Part 3, Section 27. (The example is for a calendar year tax filer.)

Lag Year - The tax year immediately prior to the insurance year. Tax documents for the lag year will generally not have been filed with the IRS by the sales closing date.

Limited Resource Farmer - A person with:

- (a) Direct or indirect gross farm sales not more than \$100,000 in each of the previous two years (to be increased starting in fiscal year 2004 to adjust for inflation using Prices Paid by Farmer Index as compiled by the National Agricultural Statistical Service (NASS)); and

- (b) A total household income at or below the national poverty level for a family of four, or less than 50 percent of county median household income in each of the previous two years (to be determined annually using Commerce Department Data). See http://www.nrcs.usda.gov/programs/smlfarmer_v2/help.htm for the actual dollar amount adjusted for inflation.

Linkage Requirement - The legal requirement that a producer must obtain at least CAT coverage for any crop of economic significance as a condition of receiving benefits for such a crop from certain other USDA programs, unless the producer executes a waiver of any eligibility for emergency crop loss assistance in connection with the crop.

Local Market Value - The average price, minus the cost of post-production operations, offered by buyers of the agricultural commodity being valued in the area where the insured normally sells that commodity, as reported by the Agricultural Market News Service (the most recent publication prior to the date of valuation will be used). If such a price is not available, the average price offered by at least two commercial buyers, one nominated by the insured and one nominated by the Insurance Provider. The value of any animal will not exceed the local market price of the same breed and type being valued.

Net Sales Income – Income paid to sellers of commodities after buyers (or brokers) subtract applicable costs associated with making the sale and if applicable, preparing the commodity for the sale (e.g., handling, transportation, commissions, cold storage, post production operations, storage and warehousing, basis for shipment to terminal markets, etc. are costs that buyers typically remove from gross sales prices).

New AGR Insured - A person/entity who was not insured under AGR the previous insurance year without respect to Insurance Provider or agent. If the insured had an AGR policy the previous insurance year, that person is not a new insured.

Notice of Loss - A written notice required to be filed in the agent's office whenever an insured initially discovers her or his allowable income may be less than the level covered by the AGR policy.

Perennial Crop - An agricultural commodity that is produced from the same root structure for two or more years.

Person - An individual, partnership, association, corporation, estate, trust, or other legal entity, and wherever applicable, a State or a political subdivision, or agency of a State. "Person" does not include the United States Government or any agency thereof.

Planted Acreage - Land in which seed, plants, or trees are placed as appropriate for the insured crop and planting method, at the correct depth, into a seed bed that was properly prepared for the planting method and production practice.

Policy - The agreement between the insured and the Insurance Provider consisting of the accepted application, AGR Provisions, AGR Special Provisions, Actuarial Documents, and the applicable regulations published in 7 CFR Chapter IV.

Post-production Operations - Operations performed after producing an insured commodity to prepare it for sale to a wholesale buyer (first line buyer) or directly to consumers (e.g., sorting, grading, washing, waxing, and packing of commodities after harvest, including in-field operations and cold and controlled atmosphere storage) or activities such as processing or altering the physical nature of insurable commodities (making insurable commodities into products). For example, canned or frozen vegetables, flour, baby food, wine, and dried fruit, made from insurable commodities are products. Delivery to local markets, and warehousing of commodities other than those requiring cold or controlled atmosphere storage to preserve marketability are not considered post-production operations. [See Par. 8B(1) and (2) for additional information.]

Sorting, grading, washing, waxing, and packing of commodities after harvest, including in-field operations, is considered post-production operations. For some growers, post-production operations will include adding value by freezing the commodity or altering its physical nature (e.g., milling grain into flour, processing apples into baby food or cider, making grapes into wine, putting fruit into gift baskets, etc.). Cold and controlled atmosphere storage are considered post-production added value.

If the price received for sold commodities, the value of accounts receivable, or the local market value includes the cost of post-production operations (including the cost of packaging materials), such cost(s) must be removed. (The cost of post-production operations are not allowable expenses.) The same adjustments are made to determine the allowable income for revenue history and claims purposes when post-production costs are included in the income.

Produced - An insured commodity will be considered produced when it has matured to the extent that it is generally saleable at established markets, regardless of whether or not it is actually harvested by the end of the insurance period.

Qualifying Person - A person who is eligible to participate in the AGR program. [See Part 2, Section 11A(1)].

Revenue Report - The part of the Annual Farm Report that documents the insured's annual allowable income and allowable expenses. It records the AGR history for insurance purposes. The Insurance Provider must be able to verify accuracy of this report by use of IRS tax forms and when requested by the Insurance Provider, supporting written records that account for allowable income and allowable expenses for the applicable tax year.

Sales Closing Date - January 31 is the last date by which an application must be filed. It is also the last date that an insured may change AGR insurance coverage for an insurance year. However, insureds may not increase their coverage level or payment rate if any cause of loss that could or would reduce their allowable income for the insurance year is evident prior to the time they requested the increase.

Secretary - The Secretary of the United States Department of Agriculture.

Short Tax Year - A period of less than twelve consecutive months for which a taxpayer may be required to file a tax return. Coverage is not provided for a short tax year.

Special Provisions - The part of the policy that contains specific provisions of insurance that may vary by geographic area.

Substantiated Farm Income Evidence - Farm income evidence such as warehouse receipts, ledger sheets, load summaries, settlement sheets, CCC loan documents, IRS farm tax forms, IRS Form 1099, sales tax reporting forms, IRS estimated quarterly tax payment forms, etc., showing the agricultural commodity, the names of sellers, the names of buyers, store house, or marketing outlets, crop years produced, dates of the transactions, and dollar amounts of sales.

Substitute Tax Forms - If a person (an entity) was not required to file Schedule F with the IRS, and did not complete a Schedule F for any taxation year required for insurance purposes, the entity must provide the same farm business income and expense information as reported on Schedule F to be eligible for AGR coverage. An entity must provide this information on worksheets or Schedule F's clearly marked to indicate that they were not filed with the IRS for AGR purposes.

Tax Year - The annual accounting period for keeping records and reporting farm income and expenses. The tax years are (1) a calendar year or (2) a fiscal year.

Underwriting Review - A review of the applicant/insured's underwriting information by a person designated by the Insurance Provider (verifier or underwriter) who is versed in the AGR program and is proficient in the knowledge and skills necessary to evaluate the grower's request for insurance.

Verifiable Records - Written records developed contemporaneously with the event recorded (such as harvested production, sale of an agricultural commodity, etc.), provided from a disinterested third party (such as a record from a warehouse, processor, packer, broker, etc.) or by measurement of farm-stored agricultural commodities.

Verifier - An Insurance Provider authorized by RMA to calculate approved AGR (amounts of insurance).

Waiver (Linkage) - An FSA document that, when signed by a producer, relinquishes that producer's eligibility for emergency crop loss assistance and satisfies linkage requirements.

Waiver (Administrative Fees) - A document that, when signed by a limited resource farmer and approved by the Insurance Provider, exempts the insured from paying the administrative fee.

Whole Farm Unit - The insured's share of revenue from all agricultural commodities produced during the insurance year or purchased for resale during the insurance year.

7 RESPONSIBILITIES

7A RMA Product Development Division

- A(1) **Establish the minimum standards** and guidelines for administration, underwriting, and loss adjustment functions.
- A(2) **Unless otherwise specified**, review and approve all Insurance Provider loss adjustment procedures and forms prior to their use.
- A(3) **Provide guidance and clarification**, as needed, regarding these standards.

7B **Insurance Providers**

- B(1) **Comply with and implement the standards** (requirements) established by RMA, through procedures and forms approved by the Product Development Division, or as otherwise specified in writing by RMA.
- B(2) **Ensure that all documentation, determinations, and calculations** are completed as specified in these standards.
- B(3) **Provide input to RMA regarding the standards**.
- B(4) **Advise RMA of impending situations** which may necessitate the development of procedures, forms, or calculations that are different from those identified in the standards issued by RMA.
- B(5) **Comply with other requirements issued by RMA** in the administration of contracts between the Insurance Provider and RMA.
- B(6) **Ensure that the required information** is provided on the specific forms, printouts, or on a Special Report attached to the appropriate form, specified in approved standards and procedures.
- B(7) **Determine whether contract provisions or requirements** for AGR Insurance applies to the insured, and if so that they have been complied with.
- B(8) **Approve requests for higher coverage amounts** (65/90, 75/75, 75/90, 80/75, and 80/90), only for applicants/insureds who meet the additional underwriting requirements for the higher coverage.
- B(9) **Calculate the approved AGR**. The following responsibilities pertain to revenue reports received for verification. Verifiers must:
 - (9)(a) **Perform an Underwriting Review**. Entries on the Revenue Report are compared to the allowable income and allowable expenses on the supporting records. The Intended Agricultural Commodity Report and Report of Changes are also reviewed. The verifier assures that entries have been made according to procedure, all required entries have been made, and that prices reported for the commodities are reasonable when compared to market value guidelines according to Exhibit 4. Acreage and yields reported for AGR intended commodities should be reconciled with those reported for MPC1 crops where applicable. Deviations must be justified, reasonable and adequately documented by the insured to be accepted.

If the applicant/insured has produced any agricultural commodity fewer than two calendar years and the expected income from the agricultural commodity is more than 10% of the total expected income for the insurance year, the Insurance Provider may reduce the approved AGR by deleting the expected income indicated for the agricultural commodity. Any decision to reduce the approved AGR must take into consideration whether or not the agricultural commodity has similar inherent risk characteristics, management requirements, and production practices as the commodities produced for two or more years. If the expected income from such commodities exceeds 50% of the total expected income, the Insurance Provider may reject the application for the insurance year.

(9)(b) Update AGR databases for carry-over insureds.

(9)(c) Calculate and issue the approved AGR.

(9)(d) Verify AGR history for policies being transferred, by accessing the Policyholder Tracking System (PHTS) and reviewing previously reported AGR history that is available in the PHTS. All AGR history within the base period attributed to the insured must be used provided continuity of AGR history has been maintained. If there is a difference between the AGR history certified and prior AGR history available through the transfer process or PHTS, an underwriting review must be performed, and the correct data determined.

(9)(e) Notify insureds of changes to the preliminary AGR. [See Part 2 Section 19, Par. A for preliminary AGR instructions.] If the approved AGR is less than 95 percent of the preliminary AGR, the verifier will notify the insured of the change and of the approved AGR by certified mail (return receipt requested), or positively document the date that the insured was notified of the approved AGR and the method of notification used. The insured must be notified of a changed preliminary AGR no later than 25 calendar days from the issuance date of the approved AGR. Documentation of the date the insured was notified of the approved AGR must be available to verify timeliness of presentation of the approved AGR, request for reconsideration, or a request for mutual consent cancellation.

B(10) **Perform Farm Report Audits.** When selected for a Farm Report Audit, primary supporting records and other secondary supporting records (when required) that correspond to the tax year(s) certified on the current insurance year's Revenue Report must be reviewed and compared to the allowable income and allowable expenses reported. [Refer to Part 2, Section 16 for acceptable primary and secondary supporting records.] Farm Report Audits are conducted as follows:

- (10)(a) Mandatory Farm Report Audits (Field Reviews) as required by the AGR Reinsurance Agreement including:
- 1 Random reviews,
 - 2 All insureds affiliated with crop insurance provided under the ACT, and
 - 3 Other reviews as required by RMA and the AGR Standards Handbook.
- (10)(b) Discretionary Field Reviews (or Inspections) for policies selected by the Insurance Provider:
- 1 For unusual/abnormal situations,
 - 2 To reduce program vulnerability (e.g., known tree or vine damage has occurred to perennial crops),
 - 3 To validate or determine inventories, or
 - 4 As a follow up to an office audit/Farm Report to verify questionable information.

7C **Agents Are Responsible For:**

- C(1) **Explaining to producers the requirements to participate** in the AGR program.
- C(2) **Informing insureds of the additional underwriting requirements** if electing a higher (65/90, 75/75, 75/90, 80/75, or 80/90) amount of coverage.
- C(3) **Explaining revenue reporting and supporting record requirements** to producers.
- C(4) **Assisting producers in the completion of the Annual Farm Report and related AGR forms.** When necessary, agents/representatives will assist producers in the filing of:
- (4)(a) Farm Reports.
 - (4)(b) Inventory and Accounts Receivable Report.
 - (4)(c) Agricultural Commodity Profile.
 - (4)(d) Notice of Loss.

- C(5) **Calculating the Preliminary AGR.** For new insureds, agents **MUST** compute, quote, and enter preliminary AGR's on the Revenue Report. Agents must explain to insureds that:
 - (5)(a) A written request for reconsideration of the approved AGR or for mutual consent cancellation of the policy, may be submitted by the insured to the Insurance Provider if the approved AGR calculated by the verifier is less than 95 percent of the preliminary AGR.
 - (5)(b) A request for reconsideration or mutual consent cancellation must be made within 30 calendar days of the date the approved AGR was mailed or otherwise made available to the insured. If such requests are not filed timely, the approved AGR will be considered accepted.
 - (5)(c) During the reconsideration, Insurance Providers may correct errors in AGR computations or in the application of FCIC-approved procedures. Corrections will not be subject to additional reconsideration.
- C(6) **Informing insureds that mutual consent cancellations are not allowed** for an insurance year subsequent to the insurance year the application was accepted (carryover policy) if they are not satisfied with the approved AGR.
- C(7) **Reviewing Farm Reports** for completeness and accuracy and obtaining the insured's signature and date.
- C(8) **Obtaining records and documentation required for program participation** and forwarding them to the verifier. This includes discussing and documenting how post-production expenses are identified, and how income is reported when there are post-production costs such as packing, cooling, palletization charges and rebates etc.
- C(9) **Explaining Approved AGR.** Upon receipt of the approved AGR the agent/representative must be able to explain:
 - (9)(a) The approved AGR and coverage provided.
 - (9)(b) That failure to follow the approved Farm Report [Part 4, Section 34] may result in:
 - 1 Reduced indemnities; however, premiums will be based on the approved AGR; or
 - 2 A reduction in the amount of coverage, if it is discovered at the time of loss that the insured does not qualify for a higher amount of coverage (65/90, 75/75, 75/90, 80/75, or 80/90) if elected.
 - (9)(c) Any adjustments that were made to the preliminary AGR quotes.

- C(10) **Referring requests for field visits for inventory determinations** (bin and storage facility measurements, etc.) to the appropriate Insurance Provider's representative. If necessary, Insurance Providers will make farm visits to determine beginning or ending inventories.

7D **Producers/insureds are responsible for:**

- D(1) **Filing Annual Farm Reports.** New insureds must report allowable income, allowable expenses from insurable agricultural commodities produced during the five-year AGR base period and the insurable commodities they intend to produce during the tax period for the current insurance year. For subsequent insurance years, insureds must update allowable income and allowable expenses for the most recent year in the AGR base period and report the insurable commodities they intend to produce during the tax period for the current insurance year. Insureds must also report the amount, the expected value (less added value of post-production operations if applicable) for all insurable commodities they expect to produce during the tax period for the insurance year. Insureds must also report any planned operational changes for the insurance year that may reduce the allowable income below the average income history on the Annual Farm Report. Annual Farm Reports must be submitted by the sales closing date each insurance year.

- (1)(a) **Other documents** which contain the same information as required by the Farm Report form may be used. If an insured provides such information by a means other than an RMA approved AGR form, it **MUST BE ACCOMPANIED BY THE FOLLOWING SIGNED CERTIFICATION STATEMENT** to be acceptable:

"I certify that the information I have furnished as reflected on this form is complete and accurate for the IRS tax entity, agricultural commodity(ies), and year(s) shown. I understand this form may be reviewed or audited and that information inaccurately reported or failure to retain records to support information on this form may result in a re-computation of the approved adjusted gross revenue. I also understand that failure to report completely and accurately may result in voidance of my Adjusted Gross Revenue insurance contract and may result in criminal or civil false claims penalties (18 U.S.C. 1006 and 1014; 7 U.S.C. 1506; 31 U.S.C. 3729 and 3730)."

- (1)(b) **Sign and date the Farm Report** to certify that the information provided is true and accurate. Such forms are not acceptable without the insured's signature and date or if initially filed after the sales closing date.
- (1)(c) **Maintain acceptable supporting records.** Insureds must retain acceptable hard copy income and expense records for three insurance years after certifying the information for AGR purposes. A copy must be provided as requested for AGR field reviews, RMA program compliance reviews, or when an indemnity is claimed. Reviewers are not authorized to assemble acceptable supporting

records for insureds from other sources, i.e., tax accountants, packers, elevators, processors, etc. This is the insured's responsibility. [Refer to Part 2, Section 16, Supporting Records, for a description of acceptable supporting records.]

(1)(d) Notification of Changes to Reported Expected Commodities. If after the Annual Farm Report has been filed, planting intentions change or other changes are made to the farming operation that will affect coverage, insureds must contact their Insurance Provider to see if revised Annual Farm Reports should be filed. Section 5(g) of the AGR policy allows for revisions of farm reports after the filing date with Insurance Provider approval. Liability for any reported commodity may not be increased for the current insurance year or accepted for a different commodity than listed on the filed Expected Commodity Report, if the commodity has been damaged prior to the request. Inspections of planted/growing commodities upon which increased liability is requested is required prior to approval of revised Annual Farm Reports (also see Part 2, Section 23). Increases to liabilities are limited to those that result from standard calculations using the accepted revised information. Revisions of Intended Commodity Reports may also result in revisions to approved AGRs, approved expenses, and premiums.

- 1 Insureds with fiscal tax years, especially those beginning several months after the sales closing date, may need to request revisions to their Annual Farm Reports (Intended Commodity Report Section) to more accurately reflect the expected income from the commodities that will be produced. To be considered, such requests must be made prior to the beginning of the fiscal year.
- 2 If the insured obtains additional acreage (purchases, leases or rents additional acreage for cash) after the Sales Closing Date and the expected income from the commodities to be produced upon the acreage was not included on the insurance year's Intended Commodity Report, the insured must notify the Insurance Provider of the acreage added and of the intended commodities. If the Insurance Provider does not permit revision of the Intended Commodity Report the insured must maintain separate accounting records that are acceptable to the Insurance Provider of the income and expenses for the commodities produced on such acreage; otherwise, the income will be considered as revenue to count if an indemnity is claimed and the expenses will be included in the insurance year's expenses. The following insurance year, insurable commodities that will be produced on such acreage must be included as intended commodities on the Annual Farm Report.
- 3 If an unavoidable natural disaster (drought, flood, etc.) occurring within the insurance period prevents an insured from planting or producing intended commodities and substitute commodities are planted/produced for harvest during the tax

period for the insurance year instead, the liability reported for the intended commodities that were prevented from being planted/produced will remain in effect (Intended Commodity Report not revised). However, any allowable income and allowable expenses from the substitute commodities will be used for indemnities and for AGR history purposes. Insureds must notify insurance providers if unable to plant/produce intended commodities and if substitute commodities will be produced.

- D(2) **Reviewing the Approved AGR.** If the approved AGR is less than 95 percent of the preliminary AGR, the insured may request in writing reconsideration of the approved AGR, or mutual consent cancellation of the policy. [Refer to Part 1, Section 7, Par. C(5).]
- D(3) **Providing Notice of Damage or Loss.** Insureds must report any event that will result in a probable loss of covered revenue to their Insurance Provider through the agent servicing their policy. An insured must:
- (3)(a) Give notice of loss within 72 hours after the initial discovery that allowable income for the insurance year could fall below the amount of revenue covered (approved AGR X the coverage level elected). Notice may be made by telephone or in person. Any notice not given in writing must be confirmed in writing and received by the Insurance Provider within 15 days of the original notice of loss. However, an Insurance Provider may not accept a notice of loss later than 15 days after the insured files his or her farm tax forms for the insurance year. (Requests for extensions to file tax forms will not be considered a farm tax form.)
- (3)(b) Notify the Insurance Provider of any intent to abandon, dispose of, or destroy any agricultural commodity and obtain the provider's consent prior to taking such action. If consent was not given to abandon, dispose of, or destroy any agricultural commodity, and the Insurance Provider does not inspect the agricultural commodity within seven days after notification, the insured may take such action without the Insurance Provider's consent. If the Insurance Provider determines that expenses associated with the sale of an agricultural commodity would be greater than the allowable income from the sale, the Insurance Provider will not include the **potential** revenue when determining the revenue to count when calculating an indemnity.
- D(4) **Cooperating During Settlements and Investigations of Claims.** The insured must:
- (4)(a) Protect damaged agricultural commodities from further damage by providing sufficient care if the cost of such care will not exceed the value of the agricultural commodity; and

(4)(b) As often as reasonably required;

- 1 Allow the Insurance Provider to inspect the damaged agricultural commodity;
- 2 Allow the Insurance Provider to remove samples to determine the extent of damage; and
- 3 Provide the Insurance Provider with records and documents requested and permit the Insurance Provider to make copies.

(4)(c) Upon the Insurance Provider's request;

- 1 Provide a complete marketing record of each agricultural commodity; and
- 2 Submit to examination under oath.
- 3 Establish the total production or revenue received for all agricultural commodities.

D(5) **Adequately Documenting Losses.** If an indemnity is to be claimed, the insured must furnish the following:

(5)(a) Proof that the loss of production or revenue was caused by perils covered under the AGR policy;

(5)(b) Documentation of the extent that the Farm Report was carried out;

(5)(c) A copy of applicable farm tax forms and any amendments for the insurance year and any additional documentation the Insurance Provider requires to convert the allowable income and expenses for the insurance year to an accrual accounting method;

(5)(d) An accurate record of inventoried agricultural commodities. When applicable, the insured must provide verifiable records of:

- 1 Beginning inventories by January 31 of the insurance year if a calendar tax year is applicable. If a fiscal tax year is applicable, provide the records by the last day of the month in which the fiscal tax year begins. An insured may request a field visit by the Insurance Provider to determine an insurance year's beginning inventory if necessary. Such requests must be made through the agent/representative.
- 2 Any beginning inventory amount sold prior to completion of the claim, the date sold, and price received.
- 3 Ending inventories. The applicable amount and value of inventoried agricultural commodities sold after the end of the

calendar or fiscal tax year, whichever is applicable, prior to completion of the claim must be provided. If not sold or contracted at a specified price prior to completion of the claim and a price for the commodity is not available from the Agricultural Market News Service, the local market value(s) will be the average of the price offered by at least two commercial buyers, one nominated by the insured and one nominated by the Insurance Provider.

(5)(e) An accurate record of beginning and ending accounts receivable for the insured's tax year, if applicable. Verifiable records of such accounts must also be provided.

(5)(f) A completed claim for indemnity no later than 60 days after the insured files his or her farm tax forms for the insurance year. However, if the farm income taxes are not filed by the first day of the seventh month after the end of the tax year (July 1 for calendar year filers) immediately following the insurance year, the indemnity will be denied. The claim must include all the information the Insurance Provider requires to settle the claim.

8 INSURANCE CONTRACT INFORMATION

The Insurance Provider must determine that the insured has complied with all policy provisions of the insurance contract. AGR policy determinations include (but are not limited to):

8A Insurability

- A(1) Insurance is provided against loss of revenue due to any unavoidable natural disaster that occurs after coverage begins and for market fluctuations that cause a loss in revenue during the current insurance year. For the year of application, coverage for losses due to unavoidable natural disasters do not begin until 10 days after Insurance Providers receive properly completed applications. For carry over policies, any unavoidable natural disaster that occurred during the previous or current insurance year, causing a loss during the current year insurance year, is covered.
- A(2) The insured revenue (allowable income) will be that which is normally obtained from the sale of all agricultural commodities produced or purchased for resale during the insurance year on the insured's whole farm unit. [See Part 1, Section 6, Definition, Allowable Income.]
- A(3) Insurance will attach only to the allowable income earned by the person(s) named on the application and will not extend to any other person having a share in the income from agricultural commodities produced or purchased for resale during the insurance year unless the application clearly states that the insurance is requested for an entity such as a partnership.

- A(4) **Insurance is based on historic AGR information** documented on the insured's farm tax form(s) and the insurance year's Farm Report.
- A(5) **The insured must provide a Farm Report to the Insurance Provider** on an FCIC-approved form (or other document containing the same information; see Part 1, Section 7, Par. D(1)) at the time of application the initial insurance year and by the sales closing date for subsequent years. The Farm Report must contain:
- (5)(a) **The AGR history** containing only allowable income and allowable expenses (see Part 2, Section 16, Par. C for supporting documentation);
 - (5)(b) **Copies of the insured's farm tax forms** that were used to determine the AGR history;
 - (5)(c) **An accounting of the allowable income** the insured expects to receive on an agricultural commodity basis for the insurance year (see Exhibit 4 for Expected Value Guidelines); and
 - (5)(d) **Any changes to the farming operation**. This includes intended changes in the agricultural commodities to be produced, size of the farming operation (expansion or contraction), insured's share, farming practices used to produce agricultural commodities, and market conditions/prices.
- Any damage to any perennial crop occurring prior to the beginning of the insurance year or any other condition that may reduce the insured's allowable income from previous levels must be reported.
- A(6) **The AGR Policy is a continuous policy**. Insurance coverage continues in force for each succeeding insurance year unless the policy is canceled, terminated, or voided as provided in section 2 of the policy.

8B **Non-insurability**

- B(1) **Increased value due to post-production operations** is not considered allowable income and is not insured; therefore, the increased value must be removed from gross sales income. For tax purposes, post-production activities consist of two categories: those incidental to the business of farming and those not incidental to the business of farming. Post-production activities incidental to the business of farming does not include processing, canning, or freezing of commodities or products beyond those activities that are normally incidental to growing, raising or harvesting the commodities (for AGR purposes the added value due to processing or making insurable commodities into other products such as making grapes into wine or carrots into baby food). **The IRS requires separable records for activities that are not incidental to the business of farming when both activities are performed by the same tax entity.**

The Schedule F should include farming activities up through and including activities that are incidental to the business of farming including activities normally performed to bring a crop to the condition in which it is normally marketed. Accordingly, in field bagging, and grading and post-harvest pre-cooling and cold storage, as well as shelling and packing, would all be properly included on Schedule F. However these costs must be removed from income and expense amounts reported for AGR.

Activities that are not incidental to the business of farming are not considered farming activities for tax purposes and should not be included in Schedule F. When such activities are improperly included in Schedule F, the insured must be able to provide records showing only those activities which are farming activities incidental to the business of farming and report only the income and expenses from those activities for AGR. When the insured does not file a Schedule F, a substitute Schedule F must be prepared and submitted, showing only those activities which are farming activities and incidental to the business of farming.

(1)(a) Incidental post-production operations include activities such as sorting, grading, washing, waxing, and packing of commodities after they are harvested (including in-field operations), packing material (boxes, cartons, etc.) and cold and controlled atmosphere storage. However, the AGR policy does not cover the cost of after harvest post-production activities. Commodity values that include incidental post-production costs are adjusted by subtracting the cost of such operations (including labor and packaging materials) from gross income to determine the allowable income for AGR purposes. Adjustments made in this manner reflect the different amounts of revenue earned by diverse farming operations (e.g., the difference in revenue from a commodity that is sold to a processor verses the revenue from the same commodity sold directly to consumers by the grower). Such costs are not: considered allowable expenses for the revenue history purposes, included in the expected values used to calculate total expected income on the farm report for the insurance year or included in the local market values used to value inventories when finalizing claims. If such costs are included when reported for AGR, they must be subtracted from the amount that was reported to IRS. For example, \$450,200 gross sales income from insurable commodities was reported for the 2003 tax year; however, \$67,500 was incidental post-production costs (sorting, grading, packing, cartons and controlled atmosphere storage costs indicated by supporting records) and must be subtracted from gross sales income resulting in \$382,700 allowable income for the tax year.

(1)(b) Not incidental post-production operations for AGR include activities such as canning, freezing or processing activities that alter the physical nature of insurable commodities. For AGR purposes, the income from such products (not just the post-production costs of making the product) is not covered by the AGR policy and MUST NOT be included.

The value of insurable commodities prior to being made into other products is allowable income if adequate records are available from which to determine the production and value of the insurable commodity. The IRS considers the individual to be in the business of farming in respect to producing grapes, fruit, and vegetables, but not in respect to making wine and separable accounting, records are required for the two activities. The expenses associated with post-production operations that are not incidental to farming are not allowable expenses for AGR and must not be included.

- 1 For AGR purposes, producers must report only allowable income and allowable expenses for covered commodities (e.g., grapes or table grapes not from wine made from the grapes). Producers must provide acceptable records from which allowable income and expenses can accurately be determined for all five years of the AGR historical base period. Producers that do not have acceptable records to accurately determine the allowable income and expenses for insurable commodities for all five years of the AGR base period are not eligible for AGR insurance.

Example: For the 2003 tax year, the producer reported \$1,200,000 gross income. The producer's records indicated the following income: \$100,000 from grapes made into wine, \$750,000 from the sale of wine, \$50,000 from the sale of table grapes and \$300,000 from the sale of other insurable fruits and vegetables. The table grapes, fruits and vegetables had incidental post-production costs of \$42,000. The allowable income for the tax year is \$408,000 (\$100,000 + \$50,000 + \$300,000 = \$450,000 – \$42,000 incidental post-production costs).

- 2 The value of products made from insurable commodities must NOT be included in the expected value/total expected income for the insurance year. Only the value of the insurable commodities prior to making them into other products may be reported as allowable income (on the historical revenue report) and as expected income (on the intended commodity report) and insured under the AGR policy. For example, for the current insurance year (2005) the producer expects to receive, \$800,000 from wine, \$110,000 from grapes that will be made into wine, \$45,000 from table grapes, and \$275,000 from the sale of other insurable fruits and vegetables (incidental table grape, fruit and vegetable post-production costs are not included in the expected income).

The insured has \$430,000 of allowable expected income from insurable commodities (\$110,000 + \$45,000 + \$275,000).

Rates have been determined for prunes and raisins, therefore, they are separate insurable commodities from plums and grapes and their revenue is covered by the AGR policy. For AGR purposes, the value of prunes or raisins is not considered to be value added to plums or grapes, respectively.

B(2) **Loss of revenue due to the following will not be covered:**

- (2)(a) Negligence, mismanagement, or wrong doing by the insured, any member of the insured's family or household, tenants, employees, or contractors;
- (2)(b) Failure to follow recognized good farming and management practices for each agricultural commodity;
- (2)(c) Water contained by any governmental, public, or private dam or reservoir project;
- (2)(d) Failure or breakdown of irrigation equipment or facilities;
- (2)(e) Failure to carry out a good irrigation practice, if applicable (the sale of or transfer of water rights associated with power buybacks or to preserve endangered species are not insured causes of loss of revenue);
- (2)(f) Theft or mysterious disappearance;
- (2)(g) Vandalism;
- (2)(h) Inability to market the agricultural commodities due to quarantines, boycotts, or refusal of any person to accept the insured's agricultural commodities;
- (2)(i) Lack of labor to properly care for, harvest or perform any necessary production or post-production operations for any agricultural commodity;
- (2)(j) Failure of any buyer to pay the insured for agricultural commodities the insured produced;
- (2)(k) Failure to follow the requirements contained in any processor contract;
- (2)(l) Abandonment; or
- (2)(m) Failure to obtain a price for any agricultural commodity that is reflective of the local market value.

(2)(n) For the year of application any losses that occur earlier than 10 days after the Insurance Provider receives the insured's properly completed application.

8(C) **Unit Division** None, the AGR policy provides for ONE unit per policy.

9 (RESERVED)

10 (RESERVED)

PART 2 UNDERWRITING

11 GENERAL UNDERWRITING RULES AND ADMINISTRATIVE REQUIREMENTS

11A **Insurance Offer.** Insurance is available ONLY to qualifying persons in pilot counties named in Part 1, Section 2, Par. A. The AGR Special Provisions include the pilot counties, coverage amounts, and AGR program dates, such as, sales closing and contract change dates. The AGR software is a part of the insurance contract.

A(1) **Qualifying Person.** To be eligible for AGR coverage, the applicant/insured must be a person who:

(1)(a) Is engaged in the business of farming and derives income from the production of agricultural commodities primarily within the AGR pilot counties but may also derive income from agricultural commodities produced in non-pilot counties that are contiguous to pilot counties;

(1)(b) If insured as an individual, is a United States citizen or resident;

(1)(c) If insured as a corporation, partnership, or trust is permanently established in the United States and files either a Schedule F or submits other tax forms that contain the same information that is provided on the Schedule F tax form;

(1)(d) Filed a United States income tax return for each year of AGR expense history and income history that is the same tax entity for the insurance year unless at least 90 percent of the farming operation (ownership or use) is transferred to a new person and the transferor ceases to file a United States tax return for that farming operation after the transfer takes place, provided that a change in entity was not done to circumvent any law or liability. If such a transfer takes place, the AGR expense and income history will be used when calculating the approved AGR and approved expenses. When a farming operation is transferred into an existing farming operation, the combined AGR expense and income histories will be used when calculating the approved AGR and approved expenses;

- (1)(e) Files a United States Federal Income Tax return;
- (1)(f) Has records necessary to support the allowable income and allowable expenses stated on the farm tax forms, and to support the value of post-production operations; and
- (1)(g) Does NOT indicate on his or her annual farm report for the insurance year that more than:
- 1 Fifty percent of the allowable income will be derived from agricultural commodities purchased for resale (after the cost or basis is removed);
 - 2 Fifty percent of the allowable income will be derived from a combination of the production of crops for which individual insurance policies (e.g. an apple policy) are offered under the authority of the Act, animals and animal products, unless such commodities are insured under other available insurance offered under the authority of the ACT; or
 - 3 Thirty-five percent of allowable income will be derived from animals and animal products.

A(2) **Income covered** is allowable income earned during the 12-month period corresponding to the insured's calendar or fiscal tax year for the insurance year from **all insurable** agricultural commodities produced for sale or purchased for resale. Income will be considered earned if the commodity is produced or normally harvested (for crops that are harvested) or if purchased for resale and normally sold during the insured's 12-month tax period irrespective of when it is harvested or sold and the income subsequently reported to IRS (See definitions for "produced and "insurance period"). Allowable income from commodities that are produced and normally harvested during the 12-month tax year is reported as expected income for the insurance year. If such a commodity is harvested in a different tax year (harvested earlier or later than normal), the commodity will be considered to have been produced and the income earned during the tax year normally harvested and accrued to that tax year (e.g., harvest for the commodity is normally completed in mid-September and the expected income is reported for the current insurance year; however, cool wet weather delays harvest until after the first of October which is the beginning month of a new fiscal year). Care must be taken to coordinate expected income, beginning and ending inventories, accounts receivable and revenue to count for claims for purposes for the same 12- month period.

(2)(a) Calendar year. The 12-month period for a calendar tax year begins January 1 and ends December 31 of the same calendar year.

- (2)(b) Fiscal year. The 12-month period for fiscal tax years begins on the first day of any month except January and ends on the last day of the twelfth month the following calendar year (e.g., for the fiscal year beginning October 1, 2005, and ending September 30, 2006, the allowable income from commodities produced/normally harvested between these dates would be covered during the 2005 insurance year). (See Exhibit 3 for more fiscal year information.)
- (2)(c) Limitation on commodities purchased for resale. If more than 50 percent of the expected allowable income for the insurance year will be from agricultural commodities purchased for resale, the producer is not eligible for AGR coverage.
- (2)(d) Limitation on income from animals and animal products. If more than 35 percent of the expected allowable income for the insurance year will be from animals and animal products, the producer is not eligible for AGR coverage.

- A(3) **Insurable Farming and Management Practices**. When Insurance Providers find that farming practices used by producers are not usual for the area, they may consult with FCIC. For questionable cases for which an FCIC determination is requested, Insurance Providers must supply in writing the facts and background information regarding the cultural practices carried out and those generally used in CSREES, organic certifying agencies, or other sources recommended by CSREES, to determine whether the farming and management practices used by producers are good farming and management practices.

If the insured does not agree with a loss determination regarding good farming and management practices, the insured may request a review of that determination in accordance with the review process established for this purpose and published in the Code of Federal Regulations part 400, subpart J.

- A(4) **Term**. AGR policies are continuous contracts and remain in force until: 1) canceled in writing by either the insured or the Insurance Provider on or before the cancellation date for the effective crop year, 2) the policy is terminated by the Insurance Provider because the applicable administrative fee or any other unpaid amount (e.g., overpaid indemnity, premium) was not paid, 3) voided by the Insurance Provider, or 4) the AGR program is terminated by FCIC. The cancellation and termination dates are January 31 for all states.
- A(5) **Cancellation**. The insured or Insurance Provider may cancel an AGR policy for any insurance year following the initial insurance year by giving a signed notice to the other party on or before the cancellation date that precedes the insurance year. A request made by the insured to cancel an AGR policy after the cancellation date will be effective the following insurance year.

Insurance may not be canceled the first effective insurance year by the insured, except if:

- (5)(a) A change is made in the AGR policy or actuarial documents (special provisions or rates) which adversely affects the coverage or rate, which was not on file at the time of application. If an application is taken before revised rates and rules filing, the applicant will be advised by the Insurance Provider of any change, which would adversely affect the insured crop. The applicant will then have the option to cancel the AGR POLICY on or before the cancellation date.
 - (5)(b) The insured wishes to insure with another agent/Insurance Provider and the Insurance Provider(s) involved agrees.
 - (5)(c) A mutual consent cancellation is appropriate due to the approved AGR being less than 95 percent of the preliminary AGR, as provided in Part 1, Section 7, Par. C(5).
- A(6) **Termination.** The Insurance Provider will terminate the AGR policy for the succeeding insurance year if the insured fails to pay the AGR administrative fee and/or any premium due by the termination date for non-payment of premium (which precedes that insurance year). AGR is not available to a person whose policy reinsured under the authority of the Act has been previously terminated for non-payment of premium or indebtedness (to FCIC or the Insurance Provider) and the unpaid premium/debt has not been satisfied. If a policy transfer is involved, a policy issued by a different Insurance Provider will be terminated for existing indebtedness. FCIC will not provide reinsurance on policies that should have been terminated for non-payment of premium but were not.
- A(7) **Other Insurance.** Except for AGR-Lite, other insurance including policies on individual crops reinsured under the authority of the Act (The ACT) is allowed and the revenue from the commodities insured under individual crop policies is included under the AGR policy. The liability for crops insured under authority of The ACT (up to a maximum of 50% of the approved AGR) is subtracted from the AGR liability when calculating the AGR premium; however, the AGR liability is not reduced.
- (7)(a) As a condition of AGR insurance, if more than 50 percent of the total expected allowable income for the insurance year will be derived from a combination of the production of crops for which individual insurance policies are offered under the authority of the ACT (except for crops which are insurable only under a pilot program or by written agreement), animals, and animal products, such commodities must be insured under individual crop policies offered under the authority of the Act, provided insurance is available. If the insured does not have an individual crop policy (under the ACT) and the sales closing date for the individual crop policy that would provide coverage during the tax period for the insurance year has passed at the time the AGR

application is taken, insurance is not considered to be available for that AGR insurance year. However, an individual crop policy must be purchased for that crop for the subsequent crop year. If an individual crop policy is not purchased for the subsequent crop year, the insured will not be eligible for AGR insurance the subsequent insurance year.

When a fiscal year is applicable under AGR, the individual crop policy purchased must provide coverage on the individual crop during fiscal year's tax period.

(7)(b) All other insurance policies (e.g., those offered under the authority of the ACT, property, casualty, transit, etc.) are primary and their policy provisions apply. Any indemnity received from another insurance policy for damage or loss to agricultural commodities covered by the AGR policy is considered as revenue to count for AGR indemnity purposes.

- A(8) **Duplicate AGR Policies Are Not Permitted.** Insurance Providers must use the Policyholder Tracking System (PHTS) to determine if more than one AGR policy is in force for the same person. If more than one AGR policy is in force for the same person, duplicate policies exist. The policy with the earliest date of application will remain in force and all other AGR policies will be canceled. If the Insurance Provider determines duplicate AGR coverage exists and was intentional, the insured may be subject to the fraud provisions stated in the AGR policy. FCIC will edit to ensure that duplicate AGR policies are not in force.
- A(9) **Substantial Beneficial Interest (SBI) Applications.** An interest held by any person of at least 10 percent in the applicant or insured that derives income from agricultural commodities may be eligible for AGR insurance. Each person wishing to purchase an AGR policy must individually meet eligibility requirements.
- A(10) **Insured Cause(s) of Loss.** Insurance is provided against unavoidable loss of revenue. Refer to section 9 of the AGR policy provisions for uninsured causes.
- A(11) **Notice of Damage or Loss.** In the event of probable loss, the insured must provide the Insurance Provider a notice of loss within 72 hours of the initial discovery that allowable income for the insurance year could fall below the amount of revenue guaranteed (Approved AGR X the coverage level for the amount of coverage elected) in accordance with the AGR policy. [See Part 1, Section 7, Par. D(3) for the insured's responsibilities.]
- (11)(a) Sufficient information must be provided to determine whether or not an inspection is necessary.

(11)(b) Severe Wind Erosion. An insured must notify the agent immediately of their intention to till acreage to control soil erosion. When the local Natural Resources Conservation Service/Cooperative Extension Service recommends emergency tillage to conserve the soil and minimize further damage to the insured crop, the policyholder may take immediate action and then promptly notify the agent.

- 11B **Linkage Requirements**. The AGR policy meets linkage requirements for benefits under the ACT; loans or any other USDA-provided farm credit, including guaranteed and direct farm ownership loans, operating loans, and emergency loans under the Consolidated Farm and Rural Development Act provided after October 13, 1994; and benefits under the Conservation Reserve Program provided by any new or amended application or contracts executed after October 13, 1994. Refer to the Crop Insurance Handbook (CIH) for additional linkage details.
- 11C **Crop of Economic Significance Determinations**. Allowable income from agricultural commodities that are not of economic significance must also be included in AGR determinations.
- 11D **Administrative Fees**. The administrative fee is due when the AGR premium is due. The administrative fee is \$30 (additional coverage) for each person insured.

D(1) **Administrative fees are required:**

(1)(a) Each year that at least one agricultural commodity is produced. If the insured files a bona fide zero intended commodity report on or before the AGR sales closing date, an administrative fee is not required.

(1)(b) For individual crop policies reinsured under the authority of the Act. Refer to the CIH for additional administrative fee information.

D(2) **Third parties are prohibited from paying administrative fees** on producers'/insureds' behalf. Insurance Providers, insurance agents, producer associations, grower groups, farm cooperatives, etc., may not pay administrative fees for producers/insureds. Only those persons acting in place of the producer/insured under a power of attorney, landlord/tenant agreement, or a legal guardianship, may pay the administrative fee.

D(3) **Agents may submit a total of administrative fees paid** to the Insurance Provider. However, a list of producers/insureds from whom the fees were collected must be attached to substantiate the total amount submitted.

D(4) **Waiver of Administrative Fees**. The administrative fee may be waived for a limited resource farmer [Refer to Part 1, Section 6, Definitions.] if the insured requests a waiver and qualifies **according to the current or previous definition**. To waive administrative fees according to the previous definition a limited resource farmer must:

- (a) Have been insured for the 2005 or prior insurance/crop year,
- (b) Have had the administrative fee waived for one or more of those crop years and
- (c) Remain qualified as a limited resource farmer under the definition in effect at the time the administrative fee was waived.

Refer to the CHI for additional waiver instructions and the request to Waive Administrative Fee form. **If selected for any program review on any crop policy reinsured under the authority of the ACT, eligibility for waiver or administrative fees must be verified, and the insured will be required to provide proof of gross income.**

11E **Copies of Documents.** If original insurance documents are required by FCIC but are unavailable, a photocopy or carbon copy of an original insurance document may be used if CERTIFIED by the Insurance Provider. The copy MUST be marked or stamped "Certified True Copy," signed, and dated by the Insurance Provider's authorized representative.

EXAMPLE:

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> _____ >
> Certified True Copy >
> >
> >
> >
> >
> _____ >
> (Signature) (Date) >

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A certified true copy may be accompanied by a memorandum explaining why a photocopy is being submitted instead of the original document.

12 APPLICATION FOR INSURANCE

12A **Eligible Persons/Entities.** Application for insurance may be made by a qualifying person to cover income from a *bona fide* interest in agricultural commodities at the time coverage begins. **Bona fide interest** is income to be earned from a share of the agricultural commodities as an owner-operator, landlord, tenant, or sharecropper. The insured must be the same person/entity as designated for income tax purposes.

A(1) **Minors.** A minor may insure agricultural commodities by having a court-appointed guardian or parent co-sign the application.

- A(2) **Separate applications/contracts are required** for each qualifying person/entity as designated for tax purposes.
- A(3) **Income from Native American land held in trust** by the Bureau of Indian Affairs (BIA) is generally not subject to Federal income tax and, therefore, BIA trusts are not eligible for insurance under the AGR policy. Other Native American entities subject to Federal Income Tax will be insured as applicable (i.e., proprietors, partnerships, corporations, etc.).
- 12B **Ineligible Persons.** Under the Food Security Act of 1985 and the regulations promulgated under the ACT by USDA, any person who is convicted under federal or state law of planting, cultivating, growing, producing, harvesting or storing a controlled substance in any insurance year will be ineligible for crop insurance for five years from the date of conviction.
- 12C **Sales Closing Date.** To participate, a person must apply for insurance on or before the sales closing date (January 31) contained in the AGR policy and the special provisions. Applications taken after the sales closing date may not be accepted until the following insurance year. [See Section 12, Par. D(5)(c) for exceptions.] Sales closing dates falling on Saturdays, Sundays, or legal holidays are extended to the next business day.

If the risk period began prior to application and damage to any agricultural commodity occurred prior to insurance attaching (10 days after the Insurance Provider receives the completed application), an inspection must be performed prior to acceptance of the application. The risk period begins when an agricultural commodity's production cycle begins. See paragraph 23 for additional information concerning pre-acceptance inspections and specific instructions for avocados and citrus.

- 12D **Electing Coverage.** The insured may elect any amount of AGR coverage for which he or she qualifies. The amounts of insurance that are available are specified on the AGR Special Provisions. Six amounts of coverage are available and are considered to be "**Additional Coverage**" for subsidy and administrative fee purposes. "CAT" coverage **is not** available. The amount of coverage is determined by the coverage level and payment rate selected. A change in the amount of coverage may be requested in writing on or before the applicable sales closing date.

D(1) **Amounts of Coverage:**

(1)(a) 80/75 or 80/90 = 80% coverage level with a 75% or 90% payment rate.

(1)(b) 75/75 or 75/90 = 75% coverage level with a 75% or 90% payment rate.

(1)(c) 65/75 or 65/90 = 65% coverage level with a 75% or 90% payment rate.

- D(2) **Coverage Levels.** AGR losses begin when the income to count for the insurance year is less than the product of multiplying the percentage for the coverage level elected times the Approved AGR (unless adjustments to the approved AGR are required when a claim for indemnity is completed).

For example, 65/75 coverage is elected and the approved AGR is \$200,000. The loss begins when the allowable income for the insurance year is less than \$130,000 ($\$200,000 \times .65$). If the income to count for the insurance year is \$80,000 the revenue deficiency is \$50,000 ($\$130,000 - \$80,000 = \$50,000$).

D(3) **Payment Rates.** The payment rate is the percentage of the revenue deficiency that is paid by the Insurance Provider. For example, if the 65/75 coverage levels is elected and the revenue deficiency was \$50,000, the indemnity would be \$37,500 ($\$50,000 \times .75 = \$37,500$)

D(4) **Qualifying for Higher Coverage.** To qualify for any coverage level and payment rate combination other than the 65 percent coverage level with the 75 percent rate (65/75), the applicant/insured must:

(4)(a) **Meet the Following Diversification Requirements.** The Annual Farm Report's Intended Agricultural Commodity Report for the insurance year must indicate that:

- 1 For 80/75 or 80/90 coverage, at least four agricultural commodities must be produced whose expected income for the insurance year is equal to or greater than the amount determined by applying the following diversification formula.

Diversification Formula: $((1 \div \text{the number of commodities to be produced}) \times 0.333)$ rounded to three decimal places \times the total expected income for the insurance year.

Example: If 10 commodities will be produced and the total expected allowable income for the insurance year is \$100,000, the expected income from each of at least four commodities must be \$3300 or greater.

$$\begin{aligned} &0.033 \\ &((1 \div 10) \times 0.333) \times \$100,000 = \$3300 \end{aligned}$$

- 2 For 65/90, 75/75, or 75/90 coverage, at least two agricultural commodities must be produced whose expected income for the insurance year is equal to or greater than the amount determined by applying the diversification formula.

Example: If 5 commodities will be produced and the total expected allowable income for the insurance year is \$100,000, the expected income from each of at least two commodities must be \$6700 or greater.

$$\begin{aligned} &0.067 \\ &((1 \div 5) \times 0.333) \times \$100,000 = \$6,700 \end{aligned}$$

(4)(b) **Provide additional underwriting information** the initial year that the 75 or 80 percent coverage level is selected by submitting the Agricultural Commodity Profile to the Insurance Provider (The Insurance Provider must submit the Agricultural Commodity Profile to RMA and a copy of the applicable farm tax forms for the base period.)

(4)(c) Coverage will be reduced to the highest amount for which the insured qualifies, if an indemnity is claimed and the insured does not qualify for the amount of coverage elected. The insured must be able to adequately document, to the Insurance Provider's satisfaction, that the Farm Plan was substantially carried out to the extent possible.

D(5) **Premium Determination and Payments.**

(5)(a) Rates and Risk Classifications. The risk classifications and associated premium rates are determined by use of premium calculation software available from or approved by RMA. The agricultural commodities, expected revenue for each agricultural commodity, and preliminary/approved AGR contained on the intended agricultural commodity report for the insurance year are entered in the program and the program determines the risk classification/rate. Risk/rate classifications will vary by pilot area, commodity, diversity, and the amount of coverage elected.

(5)(b) Premium Calculation. The premium is calculated by subtracting the lesser of 1 or 2 from the AGR liability (approved AGR X coverage level X payment rate):

- 1 The dollar amount of liability from all other crops insured under the authority of the Act that could compensate the insured for damage or loss to agricultural commodities insured under the AGR policy. The liability used will be that used to determine the premium amount for such crops; or,
- 2 Fifty percent of the AGR liability;
- 3 And multiplying the result by the premium rate.

(5)(c) Premium Payments. The annual premium is due and payable at the time coverage begins. The insured will be billed for the premium due and any administrative fee due not earlier than the premium billing date contained in the AGR Special Provisions. The premium due, plus any accrued interest, will be considered delinquent if not paid on or before the termination date contained in the AGR Special Provisions.

D(6) **Approved Applications.** Use the FCI-12 AGR, Crop Insurance Application, or an AGR application approved by FCIC, to request insurance for qualifying persons. Applications are also used for successor-in-interest policies. Coverage applies to agricultural commodities produced by the qualifying person as shown on the accepted application. Any contract changes must also be made on or before the applicable sales closing date for the agricultural commodities insured.

(6)(a) Applications are subject to acceptance by the Insurance Provider. Prior to acceptance, the Insurance Provider will determine that the application:

- 1 Is for a **qualifying** person who has a *bona fide* interest (owner, operator, sharecropper, or tenant) in income derived from agricultural commodities;
 - 2 Is completed for the same person (individual, partnership, co-owner, joint operator, estate, trust, etc.) as the IRS tax entity for the tax year;
 - 3 Has been signed by a person(s) having authority to enter into a binding contract for the insured person; and
 - 4 Contains all the material information required to insure the crop, including: all social security numbers and employer identification numbers, as applicable, amount of coverage (coverage level and payment percentage), Annual Farm Report, and that the operation is contained within the pilot area. Applications, which do not contain the material information to insure the crop may not be accepted by the Insurance Provider.
- (6)(b) The policy will be voided if the insured has falsely and/or fraudulently concealed either the fact that the insured is restricted from receiving benefits under the Act or that action is pending which may restrict eligibility to receive such benefits.
- (6)(c) Late-filed Requests for Insurance. After the sales closing date, an application may ONLY be taken and approved by the Insurance Provider under the following conditions:
- 1 There is documented evidence that the applicant intended to make timely application, but was prevented from doing so by circumstances beyond his or her control (i.e., personal illness or family tragedy).
 - 2 The primary reason for the application being late-filed is the fault of Insurance Provider.

The Insurance Provider must document in writing, justification for taking the request and have an authorized representative perform a crop/commodity inspection. If the agricultural commodities to be insured are not damaged and will generate the AGR on which the AGR liability will be based, the Insurance Provider may accept the application. If agricultural commodities are damaged and will not generate the AGR, the approved AGR must be reduced to the amount that can be reasonably expected or the application must be denied.

- (6)(d) Rejected Applications. If rejected, the original application along with a letter of explanation must be sent to the applicant. Insurance Providers should provide a copy to the agent/representative.

12E **Transfer of Policies.** Use FCI-480, Cancellation/Transfer of Experience or FCIC approved Cancellation/Transfer of Experience forms to cancel AGR policies and to transfer AGR data from one Insurance Provider to another. To be effective, transfer requests must be signed by the cancellation date and received by the ceding Insurance Provider no later than 45 days after the cancellation date. Requests received by the ceding Insurance Provider later than 45 days after the cancellation date may be rejected, for that crop year.

E(1) **The policy may not be canceled the first effective crop year** with any Insurance Provider for the purpose of insuring with another Insurance Provider without the consent of the insurers involved.

E(2) **Requirements.** The assuming Insurance Provider must complete and have the insured sign a Cancellation/Transfer of Experience Data Form for each AGR policy being transferred. A policyholder may transfer a policy only once per insurance year.

E(3) **Documentation.** The assuming Insurance Provider must complete an application, indicate it is a renewal, obtain the insured's signature, and enter the ceding Insurance Provider's policy number(s) on the Policy Cancellation and Transfer of Experience Data Form.

E(4) **AGR History.** When the insured transfers the policy to a different agent and/or Insurance Provider, the AGR income and expense history must be transferred. For avocados and citrus, a copy of the pre-acceptance inspection form (if applicable), the most recent year's producer's pre-acceptance worksheet if insured under MPCl, and the current year's avocado and citrus intended commodity report must also be transferred. The AGR income and expense history must be used unless there is a break in continuity of AGR history during the base period, if such a break occurs, the person is not eligible for AGR coverage.

(4)(a) **Responsibilities.**

1 The assuming Insurance Provider must advise the policyholder that:

a Premium and loss experience (if any) will be transferred.

b AGR history will also be transferred.

c The policy will be terminated if the insured is indebted to the ceding Insurance Provider.

2 All Insurance Providers are required to transmit experience (premium and loss data) and AGR data to FCIC. FCIC will enter this information into Experience and Yield History Databases. The PHTS may be used to access this information.

- (4)(b) Verification of Underwriting Information. Insurance Providers may complete/issue policies using the PHTS without requesting insurance experience and AGR history from the ceding Insurance Provider. However, if the PHTS information appears incomplete or inaccurate, the assuming Insurance Provider MUST request the data from the ceding Insurance Provider. When requested timely, the ceding Insurance Provider will provide the experience and complete AGR data for the policy to the assuming Insurance Provider no later than 15 calendar days after receiving the request.
- (4)(c) The assuming Insurance Provider must notify the ceding Insurance Provider when it has accepted the transfer. The ceding Insurance Provider will then terminate its policy. In any transfer, the assuming Insurance Provider must issue the policy and the ceding Insurance Provider must terminate its policy.
- (4)(d) Policy service functions will be performed by the assuming Insurance Provider upon completion of the transfer process.

13 TAX/INSURED'S ENTITY CHANGES. The person insured must be the same as the legal tax entity for the insurance year unless a carryover insured and the tax entity changed after insurance attached.

13A **Changes of an insurable entity**, include:

- A(1) **Formation or dissolution** of a partnership or corporation,
- A(2) **Creation or revocation** of a trust,
- A(3) **Death of the proprietor** causing the proceeds from agricultural commodities be handled through an estate or the settlement of an insured estate, or
- A(4) **A change in insured's status** such as; dissolution or a declaration of incompetence or incapacity, change of name due to marriage, divorce, etc., or a minor attaining majority.

13B **For new AGR insureds**, if the historical income and expense records are for a different tax entity(ies) than the tax entity for the insurance year, producers may request an underwriting review to determine if such records may be used. Any entity that does not have historical tax forms under the new entity's name must provide additional documentation to explain the nature of the previous entity, the reason for the entity ceasing to exist (bankruptcy, etc.) and detailed information on creation of the new entity. The request must be made to the Insurance Provider by the sales closing date and be accompanied by the completed application, annual farm report, supporting tax records, and secondary supporting records (if applicable). An Insurance Provider underwriting review must be performed to determine acceptability of the income and expense history. Income and expense history for a different tax entity than the tax entity for the insurance year (new person), may ONLY be used if:

- B(1) **At least 90 percent** of the farming operation (ownership or use) was transferred to the new person. When a farming operation is transferred into an existing farming operation, the combined AGR expense and income histories will be used to calculate the approved AGR and approved expenses;
- B(2) **The transferor ceased to file a United States tax return** for the transferred farming operation after the transfer took place;
- B(3) **The entity change was not to circumvent any law or liability** (including any limitation on liability that restricts participation in the AGR pilot program);
- B(4) **Five continuous years** of acceptable income and expense history has been provided.

If approved by the Insurance Provider, the AGR expense and income history will be used when calculating the approved AGR and approved expenses. If not approved, the application is rejected and the producer is not eligible for AGR insurance.

13C **For Carryover Insureds**. If the tax/insured entity changes:

- C(1) **BEFORE the earlier of beginning of planting** of any insured annual crop, or BEFORE insurance attaches for any insured perennial crop, the policy terminates.
For AGR coverage to continue, a new application must be processed as indicated in Section 13B. Insureds or the personal representative for a decedent (executor or administrator of an estate or anyone in actual or constructive possession of the any property of the decedent) must report tax entity changes no later than the sales closing date for the insurance year if the change occurred prior to the sales closing date.
- C(2) **AFTER the beginning of planting** of any insured annual crop, or AFTER insurance attaches for any insured perennial crop, coverage under the policy will continue until the end of the insurance year. A crop inspection is not required if the crop/commodity report for the insurance year was filed by the sales closing date.
 - (2)(a) If an indemnity is claimed, the insured must provide tax records (for the new entity and previous entity if the previous entity owes taxes for a partial tax year) and secondary supporting records of allowable income and expenses for the entire insurance year. Insureds must be able to document all allowable income and expenses by providing supporting secondary records. If the records provided are not acceptable to the Insurance Provider, the claim will be denied.
 - (2)(b) **If the change was due to the death of the insured** and an indemnity is due, the person entitled to the indemnity must be determined and documented in the official file folder. The documentation must indicate the contract number, AGR history, and circumstances requiring the change.

A copy of the death certificate may be used to positively document the date of death. The person entitled to the indemnity will be the heirs, other beneficiaries, or the insured's estate if the estate is not settled by the date the claim is finalized. The person entitled to the indemnity or if an estate, the estate's personal representative; must provide any required tax document(s) (Schedule F or substitute documents) and any other required supporting documentation for the loss year.

- C(3) **A successor-in-interest application** may be used to continue insurance protection and AGR income and expense history if the tax entity changed and all of the following conditions are met:
- (3)(a) **A successor-in-interest policy requires the preparation of a new application** and cancellation of the previous policy. The successor must:
- 1 Except for estates and living trusts, have participated in an active farming capacity to assist with the earning of the income reported for historic AGR purposes; and
 - 2 The extent of the successor's participation in the prior production of agricultural commodities must be fully documented on the successor-in-interest request. For example, a husband and wife filed joint tax returns during the base period; however, for the insurance year they created a family farming corporation that consists of the previous farming operation.
- (3)(b) **At least 90 percent of the farming operation** (ownership or use) must have been transferred to the successor,
- (3)(c) The transferor ceased to file a United States tax return for the transferred farming operation after the transfer took place. If the transferor is required by IRS to file a final tax return to close out the transferor's tax entity for the farming operation after the transfer took place, the transferor will be considered to have ceased filing United States Tax returns for the tax year after the transfer took place; and
- (3)(d) **The entity change was not to circumvent** any law or liability.
- C(4) **Limitations.** A successor-in-interest policy will cover only up to the average allowable income or indexed allowable income (if applicable) reported for the farming operation previously **insured**. If a change in the tax entity creates additional insurance entities (for example a partnership is dissolved and three sole proprietor tax entities are created), combines the farming operation with another farming operation, or results in less than 90 percent of the farming operation being transferred to a single successor, a successor-in-interest application is not applicable.

C(5) **Applicants.** A successor-in-interest application may be taken from:

(5)(a) A person having the authority to sign for the new entity.

(5)(b) An authorized representative (executor or administrator of an estate; trustee of a trust; guardian of a judicially declared incompetent, minor, or incapacitated individual; or individual having power of attorney).

14 PREVIOUS INSURANCE EXPERIENCE/PREMIUM ADJUSTMENT

Insureds may have had favorable insurance experience (base premiums and loss experience) and earned premium discounts on some crops [See the CIH for additional details.] under previous policy provisions that were in force. When switching to AGR, previous insurance experience must be retained by the Insurance Provider for insureds to remain eligible for any earned favorable insurance discount (factor) if they switch back to the previous plan. If an insured switches back to the previous insurance plan, the Insurance Provider must update the insurance experience for that plan. Refer to the CIH for crops eligible for premium experience discounts and additional details.

15 COVERAGE LIMITATIONS

The amount of coverage to be written on each eligible policy is determined as follows:

15A **Amount of Coverage.** The approved AGR multiplied by the amount of coverage elected (coverage level and payment rate) is the basis for determining the insured's premium and indemnity; however, indemnities may be reduced to reflect changes made after the Annual Farm Report is filed.

15B **Benefit Limitations Under Crop Insurance and Other USDA Programs.**

A insured with additional coverage who is eligible to receive an indemnity and benefits under any other USDA program for the same loss may receive benefits under both programs, unless specifically limited by the crop insurance contract or by law. However, the total amount received from all such sources may not exceed the amount of the actual loss sustained by the insured. The total amount of the actual crop loss is the difference between the fair market value of the insured crop before and after the loss, based upon the producer's production records and the highest price election or coverage available for the crop. FSA will consider the amount of any crop insurance indemnity and pay any additional amount due for any USDA program they administer, after first considering the amount of any crop insurance indemnity. Agricultural Market Transition Act (AMTA) payments, farm ownership, and operating loans may be obtained from the USDA in addition to insurance indemnities.

15C **INCORRECT COVERAGE LEVEL SELECTED.**

If an insured has elected the 80 or 75 percent coverage level with a 75 or 90 percent payment rate, or 65/90 coverage, and the Insurance Provider determines that the insured does not qualify for that amount of coverage, the coverage will be reduced to the highest coverage for which the insured qualifies, with the premium adjusted accordingly.

16 SUPPORTING RECORDS

- 16A **Acceptable records** are required that support the AGR certified by insureds. Copies of the applicable IRS tax form(s) Schedule F, Form 1040, Form 1120, Form 1041, Form 1065, Form 1102S, or Form 4835, etc., must be provided to the Insurance Provider for each tax year certified for historic revenue purposes and are the primary acceptable supporting records. To be considered for historic revenue purposes the income must have been reported to IRS. Tax records and other supporting records, as required, must be retained by the insured for three insurance years after the end of the insurance year for which the AGR history was initially certified.
- 16B **Substitute Schedule F Tax Forms.** Entities engaged in the business of farming that do not complete and file the Schedule F (e.g., a farming corporation), **must report, and certify** allowable income and expenses for AGR purposes in the same manner as those who file the Schedule F. A substitute Schedule F form must be completed and submitted to the Insurance Provider for any applicable tax year a Schedule F was not filed with the IRS. If the substitute tax form is not provided with the revenue report for any such tax year, that tax year is not acceptable for AGR purposes and must not be accepted by the Insurance Provider.

Entities that provide substitute Schedule F's must also demonstrate how the information agrees with and differs from the information reported on their Federal income tax returns. An entity must provide worksheets or Schedule F's completed for AGR purposes that clearly indicate that they were not filed with the IRS. A worksheet must be provided detailing any differences between income and expense items reported on the substitute Schedule F, and income and expenses reported on the income tax return filed with the IRS. For example, the entity may have reported net results of farming operations on the income tax return, but must report actual income and expense on the Substitute Schedule F, and demonstrate that the net result of the Substitute Schedule F is the same as the net result on the income tax returns actually filed. The Substitute Schedule F may not use a different accounting period (such as a crop year) than the original tax return.

- 16C **Secondary Supporting Records.** Insureds who provide a substitute tax form as supporting documentation, make adjustments for AGR reporting purposes to the gross income that was reported on applicable tax documents or request an indemnity, must provide secondary documentation to verify that the correct amount was reported. Adjustments are required if revenue that is not covered by the AGR policy is reported on the insured's Schedule F. Revenue not covered must be subtracted from the income reported to IRS to arrive at ALLOWABLE income for AGR purposes (e.g., added value due to post-production operations or income from custom hire and machine work is not allowable income and must not be included) and documented via secondary supporting records. Allowable income reported in Item 10 if cash or line 44 if accrual must be identified and documented by supporting secondary records.

Secondary documentation is supporting documentation such as: accounting records, farm management records, warehouse receipts, ledger sheets, sales receipts/records, settlement sheets, accounts paid, payroll receipts (a copy of payments made to the Social Security Administration for tax payments), canceled checks showing the banking institution's stamp of payment, feeding records, and etc., and may be used to substantiate allowable income and allowable expenses certified. If the amount reported for AGR cannot be verified through the use of supporting records, that tax year is not acceptable for AGR purposes and must not be accepted by the Insurance Provider. If a break in continuity of tax records occurs during the base period, coverage is not provided. These documents must show:

- C(1) **The agricultural commodity sold** (if documentation of allowable expense, the item purchased),
 - C(2) **Name of the seller,**
 - C(3) **Name of the buyer, store house, or marketing outlet,**
 - C(4) **Year the agricultural commodity was produced** (purchased if documentation of allowable expense) and date of the transaction.
- 16D **Questionable Primary (Tax) Records.** If the Insurance Provider has reason to believe that the primary supporting record may not provide accurate documentation of income and/or expenses for AGR purposes, the Insurance Provider must request secondary supporting records to verify the amount reported for AGR. If the amount reported for AGR cannot be verified through the use of secondary records, that tax year is not acceptable for AGR purposes and must not be accepted by the Insurance Provider.
- 16E **Use of Another Entity's Records.** Not applicable unless a successor-in-interest and all successor-in-interest requirements are met. [See Part 2, Section 13, Par. C(3)] or the tax entity changed and those requirements are met [See Part 2, Section 13, Par. B.]

17 GENERAL CALCULATION RULES

An average and indexed AGR is calculated from acceptable revenue reports for continuous tax years that are within the base period and that were signed and submitted by the sales closing date. Once certified and accepted by the Insurance Provider, AGR income and expense history will remain in the database until a tax year is outside of the base period or it is determined that the income and/or expenses for a tax year(s) must be corrected. Corrections cannot be made without acceptable supporting records and the verifier's approval.

- 17A **Databases.** Databases will consist of 5 consecutive tax years prior to the year immediately preceding the insurance year (a lag year). There may be NO break in the continuity of years for which revenue reports are required. If a break in continuity of revenue occurs during the base period, coverage is not provided.

- 17B **Zero AGR Reports.** A revenue report indicating that the insured did not have a share in allowable income from shares in any agricultural commodities (zero AGR report) is considered a break in continuity of tax years.

18 SUBMISSION OF REVENUE REPORTS

In order to be used for an insurance year, acceptable revenue reports must be signed and submitted to the agent by the sales closing date and include ONLY allowable income and allowable expenses for the insured (tax entity). Revenue reports must be consecutive and based on the same accounting method (cash or accrual) as used each tax year.

- 18A **Adjustments to Gross Income.** Adjustments must be made to gross income for the following situations:

- A(1) **Agricultural Commodities Purchased for Resale.** The cost or other basis of agricultural commodities (including animals/livestock) bought for resale must be subtracted from the gross sales amount.
- A(2) **Post-production Operations.** Gross income that includes added value from post-production operations and added value products such as: milling of grain into flour, processing of apples into baby food or cider, fruit put into gift baskets, etc., must be adjusted to reflect allowable income as defined by the policy. To determine the allowable income for post-production operations and added-value products, the cost of labor, processing, packing, packaging materials, containers, trucking beyond a local market, etc., incurred to obtain the added value must be deducted from the added value gross income.

If the insured reported a "net" sales amount received from value-added products to the IRS and no allowable income was deducted, no adjustment is required. For example, an insured sold processed apples under contract to a baby food manufacturer. The processor paid the insured a "net" sales amount with grading, box rent, scalding, PIP, etc., deducted from the gross amount and the insured reported the "net" sales amount to IRS. If allowable income such as storage, (other than cold and controlled atmosphere) and transportation costs to the local market was removed when reporting net sales receipts, such costs must be added back to the net sales and also included as allowable expenses.

- 18B **Do not include** income that is not allowed such as wages, salaries, tips, cash rent, etc.

19 CALCULATION OF AGR

- 19A **Preliminary AGR.** Agents must calculate and enter preliminary AGR's on the Farm Report for new insureds. Preliminary AGR's are necessary to provide applicants with estimated premium and estimated coverage that will be provided. The preliminary AGR is calculated using the same procedures as used to calculate the approved AGR. The Insurance Provider's verifier must issue the approved AGR.

If the approved AGR is less than 95 percent of the preliminary AGR, the insured may submit a written request for reconsideration or request mutual cancellation of the AGR policy. Such requests must be made within 30 calendar days of the date the approved AGR was mailed or was otherwise made available to the insured.

19B **Approved AGR.** The allowable income for five consecutive tax years is used to calculate average AGR's. The total allowable income is divided by five and rounded to the nearest dollar. The approved AGR is the lesser of: 1) the average AGR or the indexed average AGR, whichever is applicable, or 2) the total expected allowable income (Item 18 of the Intended Agricultural Commodity Report) indicated on the insured's Annual Farm Report.

B(1) **Indexed average AGR's.** Indexed average AGR's may be calculated for operations with increasing revenue to increase the effective coverage by multiplying the average AGR by an income trend factor. To qualify for indexed AGR's: 1) at least one of the two most recent tax year's allowable income (in the AGR base period) must be greater than the average AGR, and 2) the insurance year's total expected income (Item 18, Intended Agricultural Commodity Report) indicated on the Annual Farm Report as approved by the insurance provider must be greater than the average AGR.

B(2) **Calculate indexed average AGR's as follows:**

Step 1: Divide each tax year's allowable income (Col 8 of the AGR Report) by the preceding tax year's allowable income and round to three decimal places. The factor may not exceed 1.200 (20% cap) or be less than .800 (20% cup). Example:

Col. 8	Income Index Calculations	
1997 \$90,500		
1998 \$99,550	(\$ 99,550 ÷ \$ 90,500)	= 1.100
1999 \$92,000	(\$ 92,000 ÷ \$ 99,550)	= 0.924
2000 \$119,600	(\$119,600 ÷ \$ 92,000)	= 1.200 (capped 1.300)
2001 \$130,360	(\$130,360 ÷ \$ 119,600)	= 1.090

Step 2: Total the results obtained in Step 1, divide by four, and round to three decimal places. The income trend factor (index) may not be less than 1.000 (capped at 1.000). Multiply the result by itself three times (fourth power). If the factor is greater than 1.000, the average expenses must also be indexed in the same manner [See Part 2, Section 19, Par. E(2)].

Example: $(1.100 + 0.924 + 1.200 + 1.090) \div 4 = 1.079$ $(1.079)^4 = 1.355$

Step 3: Multiply the income trend factor obtained in Step 2 times the average AGR and round to the nearest dollar. Example: Average AGR \$106,402 X 1.355 = \$144,175.

- 19C **Issuance of Approved AGR.** The approved AGR is issued by the Insurance Provider (verifier) and is used to calculate the insured's AGR coverage and premium.
- 19D **Underwriting Procedures for Alternate Bearing Commodities.** Pistachios, Olives, Avocados, and Pecans are alternate bearing perennial crops that require additional underwriting prior to approving the AGR. If alternate bearing commodities are insured, using the current year's Annual Farm Report:
- D(1) **Calculate the percentage of expected allowable income** from alternate bearing commodities. Total the expected revenue from alternate-bearing crops (Col 17) and divide the total by the total expected income (Item 18). Round to three decimal places. If this factor is equal to or less than .200, alternate bearing AGR calculations are not required. However, the expected income must reflect any changes such as the removal of blocks of trees that will reduce the AGR. If the factor is greater than .200, follow D(2) below.
- D(2) **Determine if the allowable income (Col 8) alternates** (up and down) from year-to-year. If it does and each of the three alternating years of allowable income individually are lower than 80 percent of the average allowable income (item 11A), the approved AGR will be based on the lower of the three low years (years one, three, and five) contained in the revenue report or the total expected income. If the allowable income does not alternate or is not less than 80 percent of the average allowable income for all three years, alternate bearing procedures are not used. If alternating allowable income and the allowable income for the current insurance year is for a low year, follow D(3) below.
- D(3) **Calculate the simple average allowable income** from the three low years (Col 8). If the 5-year allowable income (Col 8) qualifies for indexing [See Section 19, Par. B(1)], determine an index in the same manner using the three low years. Income trend factors (indexes) may not be less than 1.000 (cupped at 1.000). Multiply the factor times the simple average allowable income for the three alternating years. Enter the lower of the 3-year average allowable income (indexed if applicable) or the total expected income as the preliminary/approved AGR (Items 20 and 21). For data processing purposes, a flag will be required to identify approved AGR's (Item 21) that have been calculated using alternate bearing procedures
- D(4) **Approved Expenses for Alternate Bearing.** If the preliminary/approved AGR (item 20, and 21) calculated using the alternate bearing procedures is less than the 5-year year average of the allowable income (Item 11A), then the expenses calculated using the 5-year average-must be factored down according to Part 2, Section 19, Par. E(3) and entered as the approved expenses.

Case Study # 1:

Step 1. The Annual Farm Report indicates the following intended commodities for the current insurance year: almonds, olives, peaches, and pistachios. Pistachios and olives are alternate bearing commodities. A grower reports the following expected gross revenue for the current insurance year:

Alternate Bearing Commodities	\$1,800,000
Non-Alternate Bearing Commodities	<u>\$ 500,000</u>
Total Expected Income (item 18):	\$2,300,000

$1,800,000 \div 2,300,000 = .783$ The expected revenue from alternate bearing commodities is greater than .200 of the expected gross revenue; therefore, alternate bearing procedures must be used.

Step 2. The grower's revenue history (Allowable Income Col 8) is as follows:

Col 8 Income Index Calculations

1999	\$2,100,000	(high year)	
2000	\$ 650,000	(low year)	$(\$650,000 \div \$2,100,000) = 0.800$ (capped 0.310)
2001	\$1,900,000	(high year)	$(\$1,900,000 \div \$650,000) = 1.200$ (capped 2.923)
2002	\$ 700,000	(low year)	$(\$700,000 \div \$1,900,000) = 0.800$ (capped 0.368)
2003	<u>\$2,300,000</u>	(high year)	$(\$2,300,000 \div \$700,000) = \underline{1.200}$ (capped 3.286)
2004	<u>-----NA-----</u>	(low year)	Total: $4.000 \div 4 = 1.000$ $(1.000)^4 = 1.000$
Tota1	\$7,650,000		

5-year average = \$1,530,000 Indexed AGR ($\$1,530,000 \times 1.000$) = \$1,530,000

Step 3. The insured's revenue history alternates, however, it does not contain three years of low alternating allowable income (the expected income for the current insurance year is for a high year) and the yields and expected market prices are reasonable, therefore, alternate bearing procedures are not required.

Case Study # 2:

Step 1. For the 2004 insurance year, the same grower reports the following crops; Almonds, Olives, Peaches, and Pistachios and the following expected income (Col 17):

Alternate Bearing Commodities	\$1,500,000
Non-Alternate Bearing Commodities	<u>\$ 650,000</u>
Total Expected Income (item 18):	\$2,150,000

Step 2. $\$1,500,000 \div \$2,150,000 = .698$ Alternate bearing commodities make up more than .200 of the expected gross revenue, therefore, alternate bearing procedures are required.

Step 3. The grower's revenue history (Allowable Income Col 8) for 2004 is as follows:

Col. 8 Income Index Calculations

1999	\$ 650,000	(low year)	
2000	\$1,900,000	(high year)	$(\$1,900,000 \div \$650,000) = 1.200$ (capped 2.923)
2001	\$ 700,000	(low year)	$(\$700,000 \div \$1,900,000) = .800$ (capped 0.368)
2002	\$2,300,000	(high year)	$(\$2,300,000 \div \$700,000) = 1.200$ (capped 3.286)
2003	\$ 725,000	(low year)	$(\$725,000 \div \$2,300,000) = .800$ (capped 0.315)
<u>2004</u>	<u>----NA----</u>	(high year)	Total: $4.000 \div 4 = 1.000$ $(1.000)^4 = 1.000$
Total	\$6,275,000		

5-year average = \$1,255,000 Indexed AGR ($\$1,255,000 \times 1.000$) = \$1,255,000

Step 4. The insured's revenue history contains three low years of alternating allowable income (years one, three, and five) each of which are less than 80 percent of the 5-year average (2004 is a low year); therefore, the 2005 AGR year's preliminary/approved AGR (items 20 & 21) must be calculated using alternate bearing procedures.

Percentage of the 5-Year Average:

1999	$\$650,000 \div \$1,255,000 = 0.518$
2001	$\$700,000 \div \$1,255,000 = 0.558$
2003	$\$725,000 \div \$1,255,000 = 0.578$

Step 5. The total of the three low revenue years are averaged. Since the revenue history qualifies for indexing, based on the five-year history, an index is calculated using the three low years and then applied to the 3-year average.

Col. 8 Income Index Calculations

1999	\$ 650,000	
2001	\$ 700,000	$(\$700,000 \div \$650,000) = 1.077$
2003	\$ 725,000	$(\$725,000 \div \$700,000) = 1.036$
Total	\$2,075,000	Total $2.113 \div 2 = 1.057$ $(1.057)^4 = 1.248$

3-year average = \$691,667 Indexed 3 year average ($\$691,667 \times 1.248$) = \$863,200

The approved AGR is \$863,200 as opposed to \$1,255,000 if the alternate bearing procedures were not used. The approved expenses must also be factored according to Par. E(3).

Case Study # 3:

Step 1. In this example the grower produces a number of alternate bearing commodities but has reduced the expected income to account for low production during the insurance year. The expected income for 2005 is:

Alternate Bearing Commodities	\$ 270,000
Non-Alternate Bearing Commodities	<u>\$1,500,000</u>
Total Expected Income (item 18):	\$1,770,000

Step 2. $\$270,000 \div \$1,770,000 = .153$. The expected allowable income from alternate bearing commodities is not greater than .200 of the expected income for the insurance year; therefore, the preliminary/approved AGR (items 20 & 21) is not calculated using the alternate bearing procedure.

19E **Approved Expenses.** The allowable expenses for five consecutive tax years are used to calculate the average allowable expenses. Allowable expenses that are incurred but not shown on tax forms because they are already subtracted from income (producer reported net sales income) will be used to calculate approved expenses and allowable expenses for the insurance year.

The total allowable expenses are divided by five and rounded to the nearest dollar. Approved expenses are:

E(1) **Average expenses**, if the approved AGR is the average of the allowable income.

E(2) **Indexed**, if the approved AGR is indexed. Calculate the indexed average expenses as follows:

Step 1: Divide each tax year's allowable expenses (Col 9 or the AGR Report) by the preceding tax year's allowable expenses and round to three decimal places. The factor may not exceed 1.200 (20% cap) or be less than .800 (20% cup). Example:

Col. 9	Expense Index Calculations
1999 \$ 63,500	
2000 \$ 74,660	$(\$ 74,660 \div \$63,500) = 1.176$
2001 \$ 83,500	$(\$ 83,500 \div \$74,660) = 1.118$
2002 \$ 83,900	$(\$ 83,900 \div \$83,500) = 1.005$
2003 \$100,370	$(\$100,370 \div \$83,900) = 1.196$

Step 2: Total the results obtained in Step 1, divide by four, and round to three decimal places. The expense trend factor (index) may not be less than 1.000 (cupped at 1.000). Multiply the result by itself three times (fourth power).

If the factor is equal to 1.000 indexing will have no effect.

EXAMPLE: $(1.176 + 1.118 + 1.005 + 1.196) = 4.495 \div 4 = 1.124$ $(1.124)^4 = 1.596$

Step 3: Multiply the expense trend factor (index) obtained in Step 2 times the average allowable expenses and round to the nearest dollar. Example: Average allowable expenses $\$81,186 \times 1.596 = \$129,573$.

E(3) **Factored down**, if the approved AGR is less than the average allowable income. The average of the allowable expenses is multiplied by the factor (to three decimal places) resulting from dividing the approved AGR by the average of the allowable income. Example: If the approved AGR is \$80,000, the average allowable income is \$100,000, and the average allowable expenses are \$90,000, the approved expenses are: $\$90,000 \times (\$80,000 \div \$100,000) = \$72,000$.

- E(4) **Factored up**, if eligible for indexed AGR and the approved AGR is greater than the average allowable income and less than the indexed AGR. The average allowable expenses are multiplied by the factor (to three decimal places) resulting from dividing the approved AGR by the average allowable income. Example: If the approved AGR is \$120,000, the average allowable income is \$100,000, and the indexed AGR is \$146,400, and the average allowable expenses are \$90,000; the approved expenses are: $\$90,000 \times (\$120,000 \div \$100,000) = \$108,000$.

20 ANNUAL FARM REPORTS

A Farm Report is required when making application for AGR insurance the initial year of insurance and in subsequent insurance years by the applicable sales closing date. The Farm Report is required prior to the acceptance of any AGR liability. If the Farm Report is not provided by the sales closing date, in subsequent insurance years, the Insurance Provider will terminate the policy. The Farm Report must contain but is not limited to the following information: [See Part 4, Section 34 for completion instructions.]

20A **Revenue Report**. [Refer to Section 23 for additional information concerning allowable income and expenses.]

- A(1) **For new insureds (applicants)**, five consecutive tax years of allowable income and allowable expense history.
- A(2) **For carryover insureds**, the allowable income and allowable expense history from the tax year prior to the tax year immediately preceding the insurance year.
- A(3) **A copy of the farm tax forms**, for each tax year of AGR history that is being reported on the revenue report.

20B **The Intended Agricultural Commodity Report (report)** is the insured's report of individual agricultural commodities that will be produced, the amount that will be produced, and the expected allowable income from those commodities for the insurance year. Acreage and yields reported for AGR intended commodities should be reconciled with those reported for MPCl crops where applicable. Deviations must be justified, reasonable and adequately documented by the insured to be accepted. If post-production operations are involved, the expected gross income must be reduced as indicated in Part 2, Section 18, Par. A(2).

The intended agricultural commodity report must indicate the number of acres planted, number of animals produced, amount of the commodity to be produced, and the income from agricultural commodities purchased for resale (less the cost or other basis). Take into consideration the number of plantings/harvests of an individual commodity (e.g., one 5 acre field was planted twice to the same commodity, and harvested twice in the same insurance year equals 10 acres of the commodity). To underwrite the AGR policy and determine the correct premium rates, use the RMA approved AGR premium calculator:

- B(1) **If commodities are produced in more than one pilot or rating area**, determine the pilot/rating area from which the greatest amount of allowable income is expected. For premium calculation and reporting purposes, complete the report for that county. Commodity lists are different for different counties. [See Exhibit 2 for commodity lists by pilot/rating area.]
- B(2) **Reports must categorize agricultural commodities** as indicated on the Agricultural Commodity and Code Listing (listing) for the appropriate pilot/rating area. See Par. B(1) if produced in more than one pilot/rating area. Each agricultural commodity listed has a separate code and is considered one agricultural commodity for reporting, rating, and underwriting purposes.
- (2)(a) **Each commodity and applicable commodity code must be listed on a separate line.** Beginning with the 2004 Insurance year, AGR will be reported through RMA's Electronic-Data Automation System and there is no limitation on the number of lines that may be transmitted. However, when the same commodity has substantially different amounts of production and/or values for the expected production it may be necessary to calculate weighted average values to arrive at the appropriate entries for the commodity (e.g., a single commodity is listed but part of the production is sold to a processor and part of the production is sold as fresh market). [See Part 4, Section 37 for an example of a Cow-calf operation using weighted entries].
- (2)(b) **Agricultural commodities bought for resale.** Income from covered commodities bought for resale must be reported under the appropriate listed commodity. The cost or other basis must be subtracted from the expected gross sales of agricultural commodities bought for resale.
- B(3) **Supplemental information** is required for some commodities:
- (3)(a) **Nursery Field Grown and Container (FG &C).** A detailed listing/inventory of the plants that will be produced during the insurance year, corresponding expected market prices, marketing method (wholesale/retail), and total expected allowable income.
- (3)(b) **Christmas trees.** A listing/inventory by type and size/age, corresponding expected market prices, marketing method (wholesale/retail) that will be produced during the insurance year.
- (3)(c) **Other Live Animals/Poultry.** The report must also indicate the type and number of animals/poultry (mink, turkeys, chickens, ducks, pigeons, quail, etc.) to be produced during the insurance year if the animal is not listed as a separate commodity.
- (3)(d) **Citrus.** List separately on a worksheet: i) expected next year's crop to be harvested in the current AGR insurance year with income to be received in the insured year, ii) expected crop to be harvested in the AGR insurance year with income received in the insurance year, and iii) expected crop to be grown in the insurance year and "stored on the tree" as of the end of the insurance year.

(3)(e) **Raisins and other crops with Marketing Order Reserves.** List separately on a worksheet i) the amount expected to be sold to the reserve, and the expected reserve price, ii) the amount expected to be sold on the free market and the expected free market price.

(3)(f) **Products sold with Co-op Retainages.** List separately on a worksheet the expected regular crop sales and the expected amount to be retained.

20C **Report changes to the farming operation.** Report any change that will affect the insurance year's AGR when compared to the historic AGR. Each insurance year the insured must report any changes (Item 22 of the Farm Report) of the:

C(1) **Tax entity;**

C(2) **Agricultural commodities produced or production practices;**

C(3) **The size of the farming operation,** such as; a decrease in acreage, termination of the production of any agricultural commodity, **changes to joint venture farming operations included in the farming activity reported,** fewer plantings of an agricultural commodity, expansion, and shares of agricultural commodities.

C(4) **Market conditions or marketing methods** (wholesale, retail, or direct);

C(5) **Condition of any perennial crop,** such as, damage occurring prior to the beginning of the insurance period or if replacement of any depletable agricultural commodity that is not planned, or

C(6) **Any other change** that may reduce the insured's allowable income from previous levels.

21 INVENTORIES AND ACCOUNTS RECEIVABLE

Accurate documentation of inventories and accounts receivable are the insured's responsibility and failure to do so may result in income earned from agricultural commodities produced in prior year(s) being included as revenue to count for the current insurance year. See Part 4, Section 35 for the Inventory and Accounts Receivable Form, completion instructions, and additional instructions.

21A **Purpose of Inventories.** An accurate accounting of beginning and/or ending inventories is necessary to:

A(1) **Maintain an accurate balance of commodities** on hand at the beginning of the insurance year during non-loss years.

A(2) **Determine the amount of income earned during the insurance year** for animals and other commodities that are held for more than one insurance year to realize a gain in revenue due to maturity/size (e.g., Christmas trees or trees, shrubs, bushes grown in a nursery). See Part 2 Section 20, Par. B(3) for more information.

- A(3) **Calculate the revenue to count for the insurance year** when an indemnity is claimed. Inventories, along with the actual sales price or local market value, are used to make accrual adjustments to revenue-to-count when cash accounting is used. For persons using accrual accounting, IRS also requires a complete inventory as part of the farm records. However, the actual sales price or local market value will be determined according to the AGR policy.
- 21B **Deadlines.** When applicable, beginning inventories must be submitted to the Insurance Provider no later than: 1) January 31 of the insurance year if a calendar filer, or 2) the last day of the month in which the fiscal year begins if a fiscal year filer.
- 21C **Requirements.** The inventory report must show an actual count or measurement of the insured's share of the quantity in inventory in the unit of measure in which it is marketed (tons, bu., cwt, lbs, head, etc.) and type or variety if local market value varies substantially by type or variety. The inventory report should include all insurable commodities held for sale (or on farm use), whether harvested or held to realize a gain in maturity/size or purchased, that are unsold (or not used if held for on farm use) at the end of the insurance year/tax year.
- C(1) **Supporting Records.** The inventory report must be supported by verifiable supporting records such as delivery records if placed in commercial storage facilities (e.g., elevators, packing houses, shippers, warehouses processors, etc.), accurate measurements of farm stored production, and accurate counts of animals [See Part 2, Section 26, Par. A(2).]
- C(2) **Growing Commodities.** Insureds are not required to inventory growing commodities except for animals and commodities held for more than one insurance year to realize a gain in revenue due to maturity or size (e.g., nursery products such as trees and bushes, Christmas trees, etc.) However, some commodities such as avocados and citrus may be produced (matured to the extent that the commodity is generally regarded as saleable at established markets) and then “stored on the trees” for several months. For these crops, saleable production produced the previous insurance year and stored on the trees at the beginning of the insurance year must be accounted for. Likewise, the same commodities produced during the insurance year and “stored on the trees after the end of the insurance year must be accounted for. If an insured commodity is produced but it is either harvested earlier or later than normal causing harvest to occur in a different insurance/tax year, the revenue from such acreage will be considered to have been earned during the insurance year and accrued to the insurance year. For example, a commodity is insured (expected income is reported for the current insurance year) for which harvest is normally completed in mid-September; however, cool wet weather delays harvest until after the first of October which is the beginning month of the next fiscal year.

In this example, the income is accrued to the insurance year in which the crop was insured and produced. If an insured commodity was produced and not harvested it may be considered abandoned, if abandoned the value of the production will be included as revenue to count due to uninsured causes and entered as revenue to count on the claim for indemnity in item 16.

21D **Quality Determinations.** Unlike MPCl policies, the AGR policy does not provide quality adjustment provisions that reduce the amount of production to count when calculating indemnities. Under AGR, if commodities are damaged by insured causes of loss, the actual price received, or the local market price for unsold damaged commodities account for quality losses. The AGR policy does not cover deterioration of commodities while in storage that reduces the local market value unless the deterioration was due to damage by an unavoidable natural disaster during the insurance period.

D(1) **Deterioration in Storage.** Any damage by an unavoidable natural disaster to insured commodities that may affect the market value of the commodity while in storage must be documented by the insured and reported to the Insurance Provider prior to placing the commodity in storage. The Insurance Provider may need to inspect the commodity to verify the cause of loss and severity of the damage. If the insured fails to adequately document that the damage was caused by an unavoidable natural disaster during the insurance period, the quantity in storage will be valued at no less than the local market value for the undamaged commodity. If a commodity that was NOT damaged by an unavoidable natural disaster deteriorates while in storage and is sold for less than the local market value for the undamaged commodity, the difference between the amount received and the amount calculated using the local market value for the undamaged commodity must be determined and considered revenue to count due to uninsured cause(s) of loss.

D(2) **Post-production Adjustments.** Claims will be based on the quantity of commodities in inventory at the end of the insurance year. If incidental post-production operations such as processing, conditioning, packing, packaging, etc., will result in a more accurate determination of the quantity and/or the local market value of inventoried commodities, such claims may be suspended and then submitted for payment no later than 60 days after insureds have filed their income tax forms. However, the latest date that claims (including suspended claims) may be submitted for payment remains 60 days after the first day of the seventh month after the end of the insurance year. Both the insured and the Insurance Provider must agree if such a claim for indemnity should be suspended. If the quantity and the local market value can be accurately determined without suspending the claim, the claim must not be suspended (e.g., the insured anticipates local market values will decline).

22 AGRICULTURAL COMMODITY PROFILE

Insureds who meet the diversity requirements stated in the Special Provisions, for the 75 and 80 percent coverage levels, are also required to complete the Agricultural Commodity Profile the first year the 75 or 80 per cent coverage level is elected. The Agricultural Commodity Profile provides additional underwriting information, for the same tax years reported on the AGR Revenue Report. This information is essential for future development of the AGR program, especially, if higher coverage amounts are elected. Insurance Providers must forward this information along with copies of the applicable Schedule F's to RMA. [See Part 4, Section 36 for the Agricultural Commodity Profile Form, completion instructions, and additional information.]

23 PRE-ACCEPTANCE INSPECTIONS AND ADDITIONAL DOCUMENTATION

For the first year of insurance, coverage begins 10 days after the application is accepted. If insured commodities are damaged prior to that date, pre-acceptance inspections must be performed prior to accepting applications. The expected allowable income must be reduced in proportion to the damage sustained prior to the date that coverage began or coverage must be denied (application rejected).

If perennial crops with production cycles exceeding 12 months are damaged, the expected allowable income may be reduced for two or more AGR insurance years and require additional underwriting to avoid paying uninsured losses that occurred prior to the date that coverage initially began. Additional underwriting is required the first year of AGR insurance, according to the following guidelines, when allowable income from avocados and/or citrus (including grapefruit, lemons, limes, oranges; Mandarin, Navel, Valencia; tangelos and tangerines) is insured.

23A First year of insurance, pre-acceptance inspections are required. If:

- A (1) The sum of the expected revenue from avocados and/or citrus exceeded 20.0 percent of the total expected income. Total the expected allowable income from avocados and citrus (Col 17) and divide the total by the total expected income (Item 18). Round the result to three decimal places. If greater than 20.0 percent, an inspection is required.
- A(2) Prior to the date insurance began, Any damage, is known to have occurred to avocados or citrus that may reduce insured's expected allowable income.
- A(3) A review of the applicant's Producer's Pre-Acceptance Worksheet for citrus or avocados reveals that the insured's expected allowable income may be reduced from previous levels. Regardless of the percentage of expected allowable income from avocados and citrus if the applicant has MPCl on avocados or citrus, the most recent Producer's

Pre-Acceptance Worksheet(s) must be reviewed. If the MPCl insurance is carried with a different Insurance Provider it is the AGR Insurance Provider's responsibility to request a copy of the most recent Producer's Pre-Acceptance Worksheet and it is the applicant's responsibility to provide it.

If the Producer's Pre-Acceptance Worksheet, indicates the crop has been damaged (e.g., disease, hail, freeze, etc.) or that production practices carried out (trees removed or stumped, irrigation water or power diverted, etc.) may reduce the crop's production, an inspection is required.

A(4) If the MPCl insurance is carried with a different Insurance Provider, it is the AGR Insurance Provider's responsibility to request a copy of the most recent Producer's Pre-Acceptance Worksheet and it is the applicant's responsibility to provide it.

A(5) If the Producer's Pre-Acceptance Worksheet indicates the crop has been damaged (e.g., disease, hail, freeze, etc.) or that production practices carried out (trees removed or stumped, irrigation water or power diverted, etc.) may reduce the crop's production, an inspection is required.

23B **Pre-acceptance inspections for avocados or citrus** must be made using the applicable MPCl pre-acceptance procedures and forms for the crop (for avocados refer to the Avocado Pilot Program underwriting material). Pre-acceptance inspections must be completed and Insurance Providers must notify the applicant, whether their application is accepted or rejected, and when the approved AGR is reduced (compared to the preliminary AGR), within 60 days of the date that the application was signed.

B(1) **If Insurance Providers accept applications** on which damage has occurred and/or production practices will be carried out that will reduce the expected allowable income reported in Col 17 of the Intended Commodity Report:

(1)(a) The expected revenue must be reduced. The expected yield and the expected market value (if the damage will cause a lower market value) must be reduced in direct proportion to the amount of production lost and/or reduction in market value. Coverage will be based upon the crop's expected yield and expected market value.

(1)(b) An intended commodity report for the subsequent insurance year for avocados and/or citrus must be completed and placed in the insured's official file to document any reduction for damage or production practices that will also reduce the subsequent year's expected revenue. The expected allowable income for the subsequent year will then be combined with the expected allowable income from other insured agricultural commodities when the Annual Farm Report is completed the subsequent crop year. An intended commodity report for avocados and citrus must be completed for the current and subsequent insurance year regardless of whether or not damage has occurred.

(1)(c) If the policy is transferred to a different agency or Insurance Provider, the subsequent insurance year, a copy of the pre-acceptance inspection (if applicable), most recent year's Producer's Pre-Acceptance Worksheet, if also insured under MPCl, and the succeeding year's intended commodity report must be provided to the assuming company.

If a copy of any required document is not provided or is otherwise unavailable, the policy will be handled as if it is for a first-year insured.

- B(2) **Coverage must be denied** if the avocados and/or citrus are damaged to the extent that it is apparent during the inspection that the applicant will have a claim.
- B(3) **For carryover insureds**, pre-acceptance inspections are not required unless the policy was transferred and documentation required by Section 23, Par. B(1) was not provided by the ceding Insurance Provider.

24 (RESERVED)

PART 3 CLAIM FOR INDEMNITY ACCOUNTING STANDARDS

25 GENERAL ACCOUNTING STANDARDS

25A **General Information**

- A(1) **Each insured entity (individual, partnership, corporation)** must calculate and report to the IRS, taxable income on an annual accounting period called a tax year. The calendar year is the most common tax year used. Other tax years are the fiscal year and under certain conditions, a short tax year. The insured's IRS tax year (calendar or fiscal) is used for AGR accounting purposes. The insurance year is designated by the calendar year in which the sales closing occurs. (e.g., The insurance year covers producers whose IRS fiscal tax year begins June 1, 2005, and ends May 31, 2006.) Refer to Exhibit 3 for Fiscal Year information.
- A(2) **Cash and accrual accounting methods:**
- (2)(a) **Under the cash accounting method**, the taxpayer will generally report income in the tax year received and deduct expenses in the tax year they are paid.
- (2)(b) **Under the accrual accounting method**, the taxpayer will generally report income in the tax year it is earned and deduct expenses in the tax year incurred regardless of when payment is made or received.
- A(3) For accounting purposes, the terms beginning and ending inventories, beginning and ending accounts payable, and beginning and ending accounts receivable, are synonymous with the beginning and ending dates for the IRS tax year.

25B **Accounting Methods**

- B(1) **When a claim is filed, accrual adjustments** will be used to determine income to count. Under the accrual accounting method:

- (1)(a) Income is generally reported in the year earned and expenses are deducted or capitalized in the year incurred. The purpose of this method of accounting is to match income and expenses to the year in which it was earned.
- (1)(b) The insured generally will include an amount as income for the tax year in which all events have occurred that allow them the right to receive the income (for AGR purposes maturation of an agricultural commodity to the extent that it is generally regarded as saleable at established markets or is harvested) and can be determined with reasonable accuracy.
- (1)(c) An inventory must be used when production from prior year(s) is in inventory and/or production from the insurance year is not sold by the last day of the insurance year to determine allowable income. For AGR claims, if the insured has beginning and/or ending inventories the allowable income is adjusted by adding increases (positive amounts) or subtracting decreases (negative amounts) in the market value of inventories [See Part 3, Section 27 for inventory valuation instructions].
- (1)(d) For non-loss years, the amount of commodities in inventory, must be updated using increases and decreases in the amount of agricultural commodities in inventory between the beginning and ending of the insurance year. The amount of commodities in inventory at the end of the insurance year becomes the beginning inventory for the next insurance year. IRS requires a complete inventory of commodities when the accrual method is used.
- B(2) **For underwriting purposes** (determining approved AGR), the accounting method(s) used when reporting to the IRS (cash basis or accrual) will be used to determine the historical allowable income and expenses.
- B(3) **Regardless of the accounting method** (cash or accrual) used for tax purposes, accrual adjustments as indicated in the AGR policy are required for claim purposes.

25C **AGR Allowable Income - General Information**

- C(1) **Allowable income is income earned from insurable commodities** produced during the insurance year that IRS requires persons who are in the business of farming to report. **See Exhibits 8 and 9 for worksheets demonstrating how to make the appropriate AGR adjustments to Schedule F entries.** For claims purposes the income will be considered earned regardless of whether or not the income is reported to IRS during the tax period applicable for the insurance year. Generally, farm income and expenses are reported on the following tax forms:
- (1)(a) Schedule F (Form 1040) Profit or Loss From Farming (Publication 225 Farmer's Tax Guide provides instructions,

- (1)(b) Schedule J (Form 1040) Farm Income Averaging,
 - (1)(c) Farm Rental Income and Expenses (Form 4835),
 - (1)(d) U.S. Partnership Return of Income (Form 1065),
 - (1)(e) U.S. Corporation Income Tax Return (Form 1120),
 - (1)(f) U.S. Corporation Short-Form Income Tax Return (Form 1120-A),
and,
 - (1)(g) U.S. Income Tax Return for an S Corporation (Form 1120S).
 - (1)(h) Farmers Cooperative Association Income Tax Return (Form 990c).
- C(2) **Income, gains, losses and deductions** that may be related to allowable income, under certain situations, are required by IRS to be reported on the following tax forms:
- (2)(a) Schedule D (Form 1040) Capital Gains and Losses, and
 - (2)(b) Sales of Business Property (Form 4797) (A source to determine the income from animals held for draft, breeding, or dairy animals).
- Allowable farm income does not include added value due to post-production operations such as processing, packing, packaging, etc. Refer to Part I, Section 6, Definitions for the list of allowable income.
- C(3) **Excluded Income**, is income to be deducted from gross income for the production of agricultural commodities that the IRS requires the insured to report. The listed income that follows is excluded from AGR history and expected income reported on the Annual Farm report and from claims (revenue to count) unless indicated differently for claims. The AGR policy does not provide coverage for the following income that IRS requires producers to report. Exclude:
- (3)(a) The incidental cost of post-production operations for preparing insured commodities for sale, including sorting, grading, packing, packaging and packages, cold and controlled atmosphere storage, etc. that does not alter the physical nature of insurable commodities or make them into other products.
 - (3)(b) The value of products made from insurable commodities when their physical nature has been altered (e.g., canned or frozen vegetables, flour, apples made into cider, wine, dried fruit, etc.). See Part 1 Section 8B(1) for additional information. For example, if a grape grower makes wine from grapes the income from the wine is not allowable income and must not be reported for AGR. The entire value of the product made from insurable commodities must be subtracted, except if from the salvage of insured commodities (e.g., low grade fresh market apples made into cider and sold in the insured's roadside stand).

For salvaged products, any additional costs incurred to prepare them for sale must be subtracted from the income received (e.g., the cost of making apples into cider, packaging/containers, cold storage, etc.);

- (3)(c) Cooperative dividends that are not directly related to the production of an insured agricultural commodity;
- (3)(d) Custom hire (machine work);
- (3)(e) Agricultural program payments (See Exhibit 7);
- (3)(f) Crop insurance payments and certain disaster payments;
- (3)(g) Net gain from commodity hedges; and
- (3)(h) Commodities not covered (e.g., animals for sport, show, or pets, timber, forest, and forest products).
- (3)(i) The following income from the AGR history and expected income (reported on Annual Farm Reports) but DO NOT exclude from claims;

- 1 Revenue to count assigned for uninsured causes (include for claims),
- 2 Noninsured Crop Disaster Assistance Program (NAP) (include for claims),
- 3 Net gain from commodity hedges (include for claims),
- 4 Crop insurance indemnity payments (include for claims), and
- 5 Accrual adjustments for beginning and ending accounts receivable and beginning and ending inventories (include for claims). For animals, commodities purchased for resale and commodities held to realize a gain in maturity/size refer to Par. 26A(2) for additional instructions.

25D **Insurance Year Allowable Expenses - General Information.** For insureds who file Schedule F, the allowable expenses will generally be line 35 less lines 16, 17, 23, 25, 26, and 31, plus line 2 and any allowable expenses that have not been reported if net sales income has been reported (e.g., storage and warehousing except for cold and controlled atmosphere storage). The allowable portion of Line 16 would only involve the amount of depreciation allowed for animals. Refer to Part 1, Section 6, Definitions, for the list of allowable expenses.

25E **Integrated Operations**

Vertically and horizontally integrated operations have transactions between or among related parties, related taxpayers and related party taxpayers.

With respect to financial transactions between divisions of a single-farming operation, and financial transactions between or among related taxpayers for purposes of allowable income, allowable expenses and post-production costs, financial transactions must be reported as if they had occurred at fair market value/price determined according to the AGR policy. Special attention must be paid to the value/price used for financial transactions that affect allowable income, allowable expenses, and post production costs when:

- E(1) **Single integrated farming operations** have related financial transactions [see Part 1, Section 8(B)] between the farming business and other business activities (e.g., production of commodities vs. processing the commodities into other products) when the income and expenses are reported for the same tax entity; or
- E(2) **Related taxpayers are involved.** Related taxpayers include persons with a substantial beneficial interest (SBI) in the insured, persons in which the insured has a SBI, or separate tax entities that the insured has established that have financial transactions with the person/entity insured. A SBI, is an interest held by any person of at least 10 percent interest in the applicant or insured. An individual or entity may have a constructive beneficial interest in another person/entity through fractional ownerships and interests. For purposes of determining constructive substantial beneficial interest IRS rules shall apply; however references to “50 percent in value” will be replaced with “10 percent in value.”(i.e. an individual with a 10 percent interest in a trust which is a 50 percent owner of the insured and a 10 percent interest in a partnership which is a 50 percent owner of the insured is a 10 percent constructive ownership in the insured).

When integrated operations are insured, Item 23 of the Annual Farm Report must be completed [See Part 4, Sec. 34, Item 23].

26 ADJUSTMENTS TO GROSS INCOME AND EXPENSES

When a loss occurs, cash basis allowable income will be converted to an accrual basis allowable income for the insurance year by making adjustments to cash basis allowable income according to Section 11(c) of the AGR policy. For insureds using a cash basis or an accrual accounting method, adjustments are made to allowable income by adding or subtracting dollar amounts (positive amounts are added and negative amounts are subtracted) calculated by following the instructions for inventoried commodities in Section 11(c)ii and iii of the AGR policy. These adjustments will include accrual and other value adjustments.

26A **Accrual Adjustments to Allowable Income for the Insurance Year**

In order to convert the insured's cash basis allowable income to accrual basis allowable income and make adjustments in the market value of beginning and/or ending inventories for the insurance year, beginning balances (inventories in the units of measure for the agricultural commodities), the amount of agricultural commodities disposed of (in units of measure for the agricultural commodities) and ending balances (inventories in the units of measures for the agricultural commodities) will be required if an indemnity is to be claimed. Balances are required for the following categories:

A(1) **Accounts Receivable for Allowable Income for the Insurance Year**

The beginning balance of accounts receivable will be compared to the ending balance of accounts receivable to determine accrual adjustments to allowable income for the insurance year. Accounts receivable are an accounting of agricultural commodities for which a specified sales price has been determined but which have not been sold. If the insured cannot determine the specified sales price, it should be included as an inventory item. (See Exhibit 6 for additional information concerning cooperative non-cash allocations.) For example, if the insured sold and delivered an agricultural commodity to a processor for an agreed upon price but had not received payment, it should be considered an accounts receivable. However, if the price had not been agreed upon, it should be included in inventory.

(1)(a) When an insured's accounts receivable increases, cash basis allowable income for the insurance year will be increased by the increase in accounts receivable.

(1)(b) When a insured's accounts receivable decreases, cash basis allowable income for the insurance year will be decreased by the decrease in accounts receivable.

A(2) **Inventories For Animals and Commodities Held for Sale**

The beginning balance of inventories of agricultural commodities and the amount disposed of will be compared to the ending balance of agricultural commodities to determine the accrual adjustment to gross income for the change in beginning inventories of agricultural commodities held for sale.

When an insured's ending inventory contains agricultural commodities produced during the insurance year, cash basis allowable income will be increased by the amount attributed to agricultural commodities produced during the insurance year in inventory. When an insured's beginning inventory of the agricultural commodities decreases, cash basis allowable income will be decreased by the amount of decrease in the beginning inventory.

(2)(a) Animals. The Animal Inventory/Accounting Worksheet calculates the revenue to count for claim purposes using increases or decreases in inventory values during the tax year, less the cost or the basis for animals purchased. Animals must be grouped according to the type/category corresponding to how they will be marketed. Local market value is determined at the beginning of the tax year for beginning inventories and for ending inventories at the end of the insurance year for each applicable type/category:

- 1 For animals sold by the pound, gross inventory values will be determined by multiplying the number of animals X the average lbs. per animal for the type/category X applicable value/price per lb.

- 2 For animals sold individually (by the head/animal), gross inventory values will be determined by multiplying the number of animals/livestock X the average value/price per animal for the type/category.
 - 3 For animals being depreciated, inventory values are the amount paid less the depreciation allowed on previous years' and the current year's tax form.
 - 4 Complete the beginning inventory for each applicable type/category of animals on hand at the beginning of the insurance year. Complete the ending inventory for animals/livestock on hand at the end of the insurance year. Include animals/livestock from which income is accounted for as gains or losses on Schedule D (Form 1040), Form 4797 (animals held for draft, breeding, dairy purposes, or not held primarily for sale), or is depreciated on Form 4562.
- (2)(b) Commodities held to realize a gain in revenue due to an increase in maturity/size (e.g., Christmas trees or trees, shrubs, bushes, etc., in a nursery) will also use increases or decreases in inventory values, less the cost (or basis) if purchased for resale. Trees, shrubs, bushes, etc., must be grouped according to the genus and container size corresponding to how they will be marketed (retail or wholesale). Local market value is the retail or wholesale local market value corresponding to how the commodity will be marketed. Commodities held for more than one insurance year, to realize a gain in maturity/size, the gain in value during the insurance year is considered income. The Animal Inventory/Accounting Worksheet form may be used for commodities other than animals held to realize a gain in maturity/size. (The average weight column may be used to indicate size, etc., for other commodities.)
- 1 Complete the beginning inventory for each grouping of trees, shrubs, bushes, etc., that are on hand at the beginning of the tax year and then determine the local market value at the beginning of the tax year. Determine the gross values for each group of commodities in the beginning inventory by multiplying the amount in inventory X the average market value for the group. Total the gross values in beginning inventory for all groups of commodities.
 - 2 Complete the ending inventory for each grouping of trees, shrubs, bushes, etc., on hand at the end of the tax year and determine the local market value at the end of the tax year. Determine the gross values for each group of commodities in ending inventory by multiplying the amount in ending inventory X the average market value for the group. Total the gross values in ending inventory for all groups of commodities. (Also used as beginning inventory for the subsequent insurance year.)

- 3 For indemnity purposes, subtract the total gross value in beginning inventory (Part 3, Section 26, Par. A(2)(b)1) from the total gross value of the ending inventory (Part 3, Section 26, Par. A(2)(b)2). The result is the net gain (if a positive number) or loss (if a negative number) in the value of commodities.

A(3) **Table 1 - Accrual Adjustments to Gross Income**

Table 1 illustrates an example of the calculation of accrual adjustments to cash basis allowable income. Assume an insured had the following balances:

The Cash Basis Allowable Income is \$50,000

Beginning: Accounts Receivable \$6,000
 Inventory 6,000 units of Commodity B
 (Produced prior to insurance year)

Ending: Accounts Receivable \$12,000
 Inventory 1,000 units of Commodity A
 (Produced during insurance year)

1,000 Units of Commodity B
 (Produced during insurance year)

TABLE 1

(1) Accrual Adjustments to Revenue	(2) <u>Ending</u> Units of Measure (dollars, bushels, lbs., etc.)	(3) <u>Beginning</u> Units of Measure (dollars, bushels, lbs., etc.)	(4) <u>Adjustment</u> Units of Measure (dollars, bushels, lbs., etc.) (2) - (3)	(5) Value per Unit of Measure for Inventories (Claim Only)	(6) Income to Count (4) x (5)
Accounts Receivable	\$12,000	\$6,000	\$6,000	N/A	\$6,000
Inventories of agricultural commodities produced in a prior year	0 units of Commodity B	6,000 units of Commodity B	(6,000) units of Commodity B (sold during insurance year).	\$3 per unit of Commodity B	(\$18,000) Commodity B
Inventories of agricultural commodities produced during the year	1,000 units of Commodity A	0 units of Commodity A	1,000 units of Commodity A	\$2 per unit of Commodity A	\$2,000 Commodity A
	1,000 units of Commodity B	0 units of Commodity B	1,000 units of Commodity B	\$3.50 per unit of Commodity B	\$3,500 Commodity B
Net Accrual Adjustments to add to or subtract from Allowable Income					(\$6500)

In this example the cash basis allowable income is \$50,000, the net accrual adjustment of allowable income (\$6,500) would be subtracted from the cash basis allowable income of \$50,000 for an accrual basis allowable income of \$43,500 to count in the indemnity calculation.

26B **Accrual Adjustments to Allowable Expenses**

The insured's expenses will be determined by cash accounting methods and will include all allowable expenses reported to the IRS for the insurance year. However, if the insured prepays expenses and supplies to a greater extent than in past years to take unfair advantage of this policy, or if losses in the insurance year prevent the insured from prepaying for expenses and supplies to a lesser extent than in past years, allowable expenses may be converted to accrual basis and compared to the approved expenses. Beginning balances and ending balances may be required if an indemnity is to be claimed. Balances may be required for the following categories:

B(1) **Prepaid Allowable Expenses**

Prepaid allowable farm supply expenses are expenses for supplies purchased for use in the production of future insurance years' agricultural commodities and reported to the IRS as an expense in the current year. For example, an insured purchases fertilizer to be used in the production of next year's crop. These prepaid supplies may be held on the insured's farm or in a supplier's warehouse. The beginning balance of prepaid allowable expenses will be compared to the ending balance of prepaid allowable expenses to determine the accrual adjustment to gross expenses for the change in prepaid allowable expenses.

- (1)(a) When an insured's prepaid allowable farm supply expenses **increase**, cash basis allowable expenses will be **decreased** by the increase in prepaid allowable farm supply expenses.
- (1)(b) When an insured's prepaid allowable farm supply expenses **decrease**, cash basis allowable expenses will be **increased** by the decrease in prepaid allowable farm supply expenses.

B(2) **Operating Accounts Payable for Allowable Expenses**

The beginning balance of accounts payable for allowable expenses will be compared to the ending balance of accounts payable for allowable expenses to determine the accrual adjustment to allowable expenses determined on a cash basis.

- (2)(a) When an insured's accounts payable for allowable expenses **increase**, cash expenses will be **increased** by the increase in accounts payable.
- (2)(b) When an insured's accounts payable for allowable expenses **decrease**, cash expenses will be **decreased** by the decrease in accounts payable.

B(3) **Table 2 - Example of Accrual Adjustments to Expenses**

Table 2 illustrates an example of an accrual adjustment to allowable expenses. Assume an insured had the following balances:

The Cash Basis Allowable Expense is	\$100,000
<u>Beginning:</u> Prepaid Farm Supply Expenses	\$9,000
Operating Accounts Payable	\$5,000
<u>Ending:</u> Prepaid Farm Supply Expenses	\$8,000
Operating Accounts Payable	\$6,500

TABLE 2

(1) Accrual Adjustments to Allowable Expenses	(2) Beginning Value	(3) Ending Value	(4) Accrual Expense Adjustment
Prepaid Farm Supply Expenses	\$9,000	\$8,000	[(2) - (3)] \$1,000
Operating Accounts Payable for Allowable Expense	\$5,000	\$6,500	[(3) - (2)] \$1,500
Net Accrual Adjustments to Allowable Expenses			\$2,500

In this example the Cash Basis Allowable Expense is \$100,000; the net accrual adjustment of \$2,500 would be added to the cash basis allowable expenses of \$100,000 for a total of \$102,500 accrual basis allowable expenses. This total would be compared to the approved expenses to determine any necessary decrease in the approved AGR. If the allowable expenses for the insurance year are less than 70 percent of the approved expenses, the approved AGR is adjusted before a claim is settled. For the required structural change adjustments see Part 3, Section 28, Par. A.

26C **Other Adjustments to Income**

C(1) **Fed Production**

If the insured feeds all or a portion of a covered agricultural commodity to animals/livestock, this fed production will be accounted for through the sales of the animals/livestock and in the inventory process.

C(2) **Deferral of Crop Insurance Proceeds** to the next tax year:

(2)(a) If the cash method of accounting is used, the insured can elect to include crop insurance proceeds in income for the tax year following the tax year in which the loss occurred.

The insured can make this election if they can show that they would have included the income from the damaged crop/commodity in any tax year following the year the loss occurred. If this election was taken, a statement should have been attached to the tax return in the year the election was made.

(2)(b) If this election was taken, the proceeds will be added to the current year's income since the loss is related to production from the current year's insurance period.

C(3) **Noninsured Crop Disaster Assistance Program Payments (NAP)**. NAP payments are revenue to count for claims purposes for the crop year the NAP crop loss occurred. If a 2001 NAP payment is made in 2003 it is revenue to count for the 2001 insurance year, not the 2003 insurance year. If a claim was paid in 2001 and the 2003 NAP payment was not included, the claim would be revised to include the 2001 NAP payment received in 2003.

C(4) **Drought Sales**

(4)(a) If, after December 31, 1996, insureds sell more animals than they normally would in one year because of a drought, flood, or other weather-related condition, they may be able to include the gain from selling the additional animals in the following year's income. To postpone the income all of the following conditions must be met: 1) their principal business is farming; 2) they use the cash method of accounting; 3) they can show that, under their usual business practices, they would not have sold the animals this year except for the weather-related condition; and 4) the weather-related condition resulted in an area being designated as eligible for assistance by the federal government. This type of information would need to be known for prior years also, but the only condition triggering this election before January 1, 1997, was drought. If this election was taken, a statement should have been attached to the return in the year the election was made.

(4)(b) If this election is taken, use only the allowable income from animals for which expected income was reported on the Intended Commodity Report section of the Annual Farm Report earned during the tax period for the current insurance year. This may include adjustments to allowable income from accounts receivable, inventoried animals, and animals purchased for resale and those that were or born/produced after the beginning of the tax year and sold prior to the end of the tax year that are not included as beginning or ending inventory. The gain or loss from the sale of breeding animals (e.g., for cow/calf livestock operations, the breeding stock-cows/heifers and bulls servicing the breeding stock) is not included. The profit (or loss) from the sale of breeding animals is reported on Schedule D or form 4797. [See Part 4, Section 37 for Animal Inventory Instructions.]

C(5) **Other Insurance Coverage**

All insurance payments (except AGR payments) for loss or damage to agricultural commodities covered by the AGR policy **will be** included as income to count for claims purposes. For example, an insurance payment for multi-peril, hail, or loss of an agricultural commodity that was in storage or transit would be revenue to count.

27 VALUATION GUIDELINES

27A **Inventory Valuation**

For claim purposes, use the ending inventory balances of agricultural commodities produced during the insurance year in units of measure as marketed. The insurance provider must review local market values reported for inventories and verify that the appropriate procedures and local market values (less any incidental post production costs) are used to calculate any inventory adjustments. Refer to the LAM to determine the quantity of farm-stored production.

A(1) **Inventory Valuation for Animals**, commodities held for more than one insurance year to realize a gain in maturity/size (e.g., trees, bushes, etc.), and other commodities purchased for resale.

Beginning inventories will be valued at the local market value on January 1 of the insurance year if a calendar year filer, or the first day of the month in which the fiscal tax year begins if a fiscal year filer.

Ending inventories will be valued at the local market value on December 31 of the insurance year if a calendar year filer, or the last day of the month in which the fiscal tax year ends if a fiscal year filer. The values for beginning and ending inventories for commodities purchased for resale are reduced by the cost of the commodities in inventory.

A(2) **Inventory Valuation for Commodities Not Included in Paragraph A(1)**

Beginning and ending inventories will be valued at the actual price received, **if sold** prior to the time the claim is finalized; or, the local market value on the first day of the month in which the claim is finalized, **if not sold** prior to the time the claim is finalized. The actual price received and the local market value must not include added value due to post-production operations. The cost of post-production operations must be subtracted from the actual price received and the local market value.

27B **Accounts Receivable Valuation**

Accounts receivable will be valued at the dollar amount due, less any income not allowed by the AGR policy when applicable, to the insured. Accounts receivable includes values of inventories under contract with a buyer at a specified price. The insurance provider must review market values reported for accounts receivable and verify that the appropriate procedures and local market values are used to calculate any accounts receivable adjustments. If the sales value has not been determined, it should be included as an inventory item.

For example, if the insured sold and delivered an agricultural commodity to a processor for an agreed upon price but had not received payment, it should be considered an accounts receivable. However, if the price had not been agreed upon, it should be included in inventory and valued accordingly.

B(1) **Beginning Accounts Receivable Valuation**

The beginning accounts receivable will be valued on the first day of the tax year.

B(2) **Ending Accounts Receivable Valuation**

The ending accounts receivable will be valued on the last day of the tax year.

27C **Prepaid Allowable Farm Supply Expenses**

The prepaid allowable farm supply expenses will be valued at cost.

27D **Accounts Payable for Allowable Expenses**

The accounts payable for allowable expenses will be valued at cost.

28 CLAIM FOR INDEMNITY

28A **Adjustments for Change in Farming Operation**

A **structural change** of the insured's farming operation involves changes in ownership, business structure, size of operation, share, management practices, type of farming activity, accounting methods or any other practices that alters farm income compared to the historic average.

A(1) **Structural Change Within the Insurance Year**

The effect of any unreported changes (see section 7D(1)(d)) to expected commodities/total expected income reported on the **Annual Farm Report** (within the insurance year) that affects the approved **AGR** must be evaluated at the time a claim is filed. If it appears that the Annual Farm Report was not followed (e.g., intended commodities not planted, different commodities planted than reported, significantly fewer acres planted, contracts for commodities renegotiated, smaller share in the crop, etc.) the insured must document the reasons for the discrepancy. Insurance providers must then determine whether or not the approved AGR should be reduced under provision 5(f) or if liability should be denied under provision 5(e)(1) or (2) of the AGR policy. Reducing or denying liability will require revision of the Annual Farm Report. A discrepancy due to an unavoidable natural disaster such as excessive moisture that prevented planting of intended early season high value vegetables and alternative later season commodities were planted (as weather permitted) does not require reduction of the approved AGR or denial of liability. Consideration must also be given to as to whether damaged or lost intended commodities were replaced or replanted as required by the policy.

(1)(a) If the Annual Farm Report Requires Revision, and the total expected income is reduced, the insurance provider will correct the approved AGR and any indemnity when applicable. The insurance provider may deny the liability if the information used to determine the approved AGR is incorrect or not supported by written verifiable records. If the approved AGR is reduced, the approved expenses may also be affected and have to be recalculated and the premium adjusted to reflect the revised AGR.

(1)(b) When a claim is filed, whether or not the Annual Farm Report Requires a Revision, the total expenses are used to adjust the coverage on the account for changes such as: intended commodities were prevented from being planted by insured causes, and a substitute crop planted instead, an insured commodity was not harvested because the harvest costs would exceed the value of the commodity, crops damaged or destroyed early in the growing season and fewer farming operations are required. If allowable expenses for the insurance year decrease by more than 30% when compared to the approved expenses, adjustments to the approved AGR are required. Adjustments will be made as follows by dividing the total allowable expenses for the insurance year by the approved expenses for the insurance year to determine the percentage of allowable expenses. If the allowable expenses for the insurance year are less than 70 percent of the approved expenses, the approved AGR will be reduced 0.1 percent for each 0.1 percent the allowable expenses for the insurance year falls below 70.0 percent of the approved expenses (see section 28C(2)(a) for an example).

A(2) **Structural Changes Prior to the Current Insurance Year**

These changes should be reflected on the Annual Farm Report as a change in the total expected income for the current insurance year. The approved AGR may decrease when compared to the average allowable income or the approved AGR may be indexed for expanding farming operations with upward trends in allowable income that are greater than the average allowable income. See Part 2, Section 19, Par. B, for determining the indexed Approved AGR.

A(3) **If Damage Occurred the Previous Insurance Year**

(3)(a) For carryover insureds, insurance is provided against loss of revenue due to any unavoidable natural disaster that occurs during the current or previous insurance year. For covered commodities damaged or destroyed the previous insurance year, good farming and management practices must have been followed to replace (or replant) commodities and/or repair facilities (if applicable) for the current year for coverage to continue for such commodities. If such good farming and management practices have been carried out and the current year's revenue will be reduced due to an unavoidable natural disaster that occurred the previous insurance year, insureds may report the amount of revenue expected prior to such damage on the current year's Intended Commodity Report.

However, the revenue lost due to such damage will not be covered the following insurance year and the expected income must be reduced accordingly.

- (3)(b) Insurance is not provided to a new insured against any loss of revenue that occurs earlier than 10 days after the Insurance Provider receives the application. Expected income for the current insurance year must be reduced to reflect any loss of revenue occurring prior to coverage beginning.

28B **An indemnity payment** may be made after the current year's income tax return has been filed with the IRS. The insured must submit a claim for indemnity declaring the amount of loss no later than 60 days after filing the income tax forms for the insurance year. However, the Insurance Provider will not pay the insured an indemnity if the insured does not file income tax forms by the first day of the seventh month after the end of the insurance year **unless the insured requests a Federal tax filing extension. If the insured requests a Federal tax filing extension approved by the IRS and does not file his or her taxes by the final extended tax date, the insurance provider will not pay an indemnity. To be considered timely filed if taxes are filed after the first day of the seventh month after the end of the insurance year, the insured must furnish the Insurance Provider a copy of the request for an extension and the approval of the extension by the IRS.** The insured must notify the Insurance Provider in writing of any changes (such as, IRS audits or adjustments) made to the information provided to the IRS on the tax returns. If the change(s) affect the approved AGR or revenue to count for the insurance year by more than five percent, the approved AGR/AGR database and/or claim must be corrected.

- B(1) **For individuals and partners,** a copy of the Schedule F and Form 1040 or Form 1065 (including K1s) for the current year must be submitted to the Insurance Provider before a payment can be made.
- B(2) **Corporations must submit a copy** of the applicable Form 1120, 1120-A, or 1120S and if a schedule F was not filed with IRS, a substitute Schedule F form for the insurance year.
- B(3) **Claims for indemnity will be calculated** on an accrual basis. For insureds reporting farming income to IRS on a cash basis, the cash basis must be converted to an accrual basis for the loss year.

28C **Claim For Indemnity Calculation**

- C(1) **In the event of loss of revenue,** the claim for indemnity will be calculated by the Insurance Provider. The Insurance Provider must have the following information prior to finalizing the claim:
- (1)(a) Approved adjusted gross revenue,
- (1)(b) Approved expenses,
- (1)(c) Allowable expenses for the insurance year,

- (1)(d) Revenue to count for the insurance year,
- (1)(e) Coverage level percentage, and
- (1)(f) Payment rate percentage.

C(2) The claim for indemnity will be calculated as follows:

- (2)(a) Divide the insured's allowable expenses for the insurance year (Part 1, Section 6, Definitions,) by the approved expenses to determine the Expense Reduction Percentage. Reduce the insured's approved AGR by 0.1 percent for each 0.1 percent that the insured's allowable expenses for the insurance year fall below 70.0 percent of the insured's approved expenses.

EXAMPLE

The insured had approved expenses of \$100,000, allowable expenses for the insurance year of \$68,000, and an approved AGR of \$130,000. The insured's revenue to count is \$25,000 and the insured purchased 65/75 coverage. The indemnity would be calculated as follows:

- 28C(2)(a) $\$68,000 \div \$100,000 = 68.0$ percent or 2.0 percent less than 70.0 percent. Therefore the approved AGR is reduced by 2.0 percent to \$127,400;
- 28C(2)(b) $\$127,400 \times .65$ (coverage level) = \$82,810;
- 28C(2)(c) $\$82,810 - 25,000$ revenue to count = \$57,810; and
- 28C(2)(d) $\$57,810 \times .75$ (payment rate percent) = \$43,358 indemnity.

- (2)(b) Multiply the insured's approved AGR (adjusted as shown in Part 3, Section 28, Par. C(2)(a)) by the coverage level percentage the insured elected;
- (2)(c) Subtract the insureds revenue to count for the insurance year from the result (of Part 3, Section 28, Par. C(2)(b)); and
- (2)(d) Multiply the result (of Part 3, Section 28, Par. C(2)(c)) by the payment rate percentage the insured elected.

C(3) If the insured has the 65/75 amount of insurance, multiply the approved AGR (adjusted for expenses if necessary) times the coverage level percentage (.65). Subtract from this result the insured's revenue to count for the insurance year. Next multiply this result times the payment rate percentage (.75). The result is the indemnity.

C(4) Any reduction in allowable income due to an uninsured cause of loss, including reductions caused by the following will be added to the revenue to count:

(4)(a) Damage or destruction of agricultural commodities due to uninsured causes, or

(4)(b) Abandonment.

C(5) **A claim cannot be settled:**

(5)(a) Until the corresponding year's farm tax forms are filed. If the farm tax forms are amended after the claim is settled, the insured must notify their Insurance Provider and provide a copy of the amended forms. The Insurance Provider may adjust the amount of any indemnity based on the information contained in the amended form; and

(5)(b) Until all other insurance indemnities that cover commodities insured under this policy have been finalized.

28D **Agricultural Commodities as Payment.** The insured must not forfeit any agricultural commodity to the Insurance Provider. The Insurance Provider will not accept any agricultural commodity as compensation for payments due them.

28E **Arbitration**

E(1) **If the insured and the Insurance Provider** fail to agree on any factual determination, the disagreement will be resolved in accordance with the rules of the American Arbitration Association. Failure to agree with any factual determination made by FCIC must be resolved through the FCIC appeal provisions published at 7 CFR part 11.

E(2) **No award determined by arbitration or appeal** can exceed the amount of liability established or which should have been established under the policy.

28F **Access to Insured Farm Business Records and Record Retention**

F(1) **The Insurance Provider and FCIC** reserves the right to examine the insured agricultural operations as often as they reasonably require.

F(2) **For three years after the end of the insurance year,** the insured must retain, and provide upon request, complete records of the harvesting, storage, shipment, sale, or other disposition of all the agricultural commodities produced. This requirement also applies to the records used to establish the insured's approved AGR. The Insurance Provider or FCIC may extend the record retention period beyond three years by notifying the insured of such extension in writing. The insured's failure to keep and maintain such records will, at the Insurance Provider or FCIC's option, result in:

(2)(a) Cancellation of the policy,

(2)(b) Assignment of value to, or quantities of, agricultural commodities, or

(2)(c) A determination that no indemnity is due.

F(3) **Any person designated by the Insurance Provider or FCIC will**, at any time during the record retention period, have access:

(3)(a) To any records relating to this insurance at any location where such records may be found or maintained, and

(3)(b) To the farm.

F(4) **By applying for insurance under the authority of the Act**, the insured authorizes the Insurance Provider or FCIC, or any person acting for them, to obtain records relating to the agricultural operation from any person who may have custody of those records including, but not limited to, FSA offices, banks, warehouses, gins, cooperatives, marketing associations, and accountants. The insured must assist in obtaining all records which Insurance Providers request from third parties.

28G **Other Insurance**

G(1) **The insured may obtain other insurance issued** under the authority of the Act on their share of the any agricultural commodity insured under this policy. Nothing in this paragraph prevents the insured from obtaining other insurance not issued under the Act.

G(2) **Any other policy purchased will be primary** and any insurance payment received from another policy for loss or damage to agricultural commodities covered under this policy will be considered to be allowable income.

28H **Refund of Overpayment**

H(1) **An insured will be required to refund** to the Insurance Provider any payments received under the program that are contrary to this document or the Act, as amended from time to time.

H(2) **The insured may be required** to pay the Insurance Provider interest on money required to be repaid. Interest will accrue at the rate of 1.25 percent simple interest per calendar month, or any portion thereof, on any unpaid amount due. Refer to the AGR policy for further information.

H(3) **The insured may be required to pay** the Insurance Provider interest. For premium purposes, interest will begin to accrue on the first day of the month following the premium billing date specified in the Special Provisions of the AGR policy. (Refer to Section 17 of the AGR policy for additional information.)

29 (RESERVED)

30 (RESERVED)

PART 4 - FORMS AND REPORTS

31 APPLICATION

Overview of applicant and Insurance Provider's role in completing the application.

31A Applicant's Role

A(1) Provides required insurance data including the required Annual Farm Report and farm tax forms.

A(2) Elects coverage.

A(3) Signs and dates application.

31B Insurance Provider's Role

B(1) Informs insured about AGR insurance program.

B(2) Records and verifies insurance data.

B(3) Calculates and enters estimated premium based on the insurance data provided by the insured.

B(4) Checks application for completeness.

32 GENERAL INFORMATION

32A For the appropriate agricultural commodities, tax year, county and state, use the actuarial documents to inform the applicant about:

A(1) Coverage and Rate Tables.

A(2) Coverage Available.

A(3) Special Provisions of Insurance, if applicable.

32B Using the selections made by the insured, use the actuarial documents to correctly make the entries on the application.

32C Insured Entity. The application must be for the same entity as the applicant's tax entity for the current insurance year (i.e., sole proprietor, partnership, corporation). [See Part 2, Section 13]. The tax entity dictates the type of entity insured and how the entries on the application are completed: heading, signature, authorization (if one is needed), and the identification number. To determine the correct entity, refer to the tax forms.

32D Paragraph A of the Application, explains how the applicant applies for AGR. The insured elects a coverage that applies to all agricultural commodities insured. Coverage is based on income that has been reported to the IRS on the applicable farm tax forms and/or the Annual Farm Report.

- 32E **Paragraph B of the Application**, requires the applicant to list all the persons or entities with 10 percent or more interest in the insured entity.
- 32F **Paragraph C of the Application**, some of the items contained in Paragraph C:
 - F(1) **Exceptions to acceptance**; such as material facts are omitted, concealed or misrepresented in the application or submission of application, the applicant is a debtor for crop insurance under the Act, etc.
 - F(2) **States that the contract continues** for each succeeding crop year until canceled or terminated as provided in the contract.
- 32G **In accordance with the AGR Policy**, the contract is non-cancelable for the first year.
- 32H **Sales Closing Date**. Applications must be signed on or before the sales closing date (January 31) established in the AGR policy.
- 32I **Insurance Provider Responsibility**. The Insurance Provider is responsible for an accurate presentation of insurance contract provisions and ensuring that each form is fully completed and legible.

33 APPLICATION COMPLETION INSTRUCTIONS

Verify or make the following entries:

Item

No. Information Required

- 1 **Name of Applicant:** Print or type the name of the applicant as shown on the applicant's farm tax forms filed with IRS.

The name entered must be identical to the signature used by the applicant in item 19.
- 2 **Street or Mailing Address:** Applicant's complete address where applicant wants mail delivered.

Street or mailing address may be different from the location where the agricultural commodities are insured; (e.g., absentee landlord may not have the same mailing **address** as farm headquarters).
- 3 **City and State:** Complete name of city and state abbreviation where the applicant wants mail delivered. See item 2.
- 4 **Zip Code:** Zip Code for the city and state in item 3; use the 9-digit zip code if available. See item 2.
- 5 **Applicant's Telephone Number:** Enter the area code and the 7-digit telephone number where the applicant can be reached during regular business hours.

- 6 **Applicant's Authorized Representative:** Name of the representative authorized to sign the application for the applicant when such authorization is notarized and on file.
- 7 **Policy Number:** Enter the 7-digit number assigned by the Insurance Provider for the entity.
- 8 **State and Code-County and Code:** Enter the applicable state, county, or independent city and the codes in which agricultural commodities will be produced that are expected to generate allowable income. [See Part 3, Section 20, Par. (B) for complete instructions.]
- 9 **Type of Entity:** The type of entity that best describes the applicant. The applicant must have the same type of entity as recorded on the farm tax forms.
- 10 **Applicant at Least 18 Years Old:** Place an "X" to the right of "yes" if applicant has reached 18th birthday.

If applicant HAS NOT reached 18th birthday, place an "X" to the right of the "NO", and to the right of the "X" enter the month, day, and year of the applicant's birth.

A "NO" answer requires one of the following actions:

- (1) Court-appointed guardian or parent must sign a statement to be entered on the application agreeing to guarantee the premium.
- (2) Court-appointed guardian or parent signs the application. If the guarantor is a court-appointed guardian, he/she must provide a statement that indicates where the court decree can be verified.

- 11 **Identification Number:** The applicant's social security or tax identification number. Do not enter dashes, only the digits.

When an applicant has not provided an ID number, the applicant must be informed of the following: In accordance with the IRS code, 20% of any indemnity payment due an insured will be withheld. If the applicant refuses to provide his/her ID number, the applicant must provide a signed statement of refusal.

- 12 **Type of ID Number:** The type of identification number that was entered in item 10 - enter an "X" in the appropriate box.
- 13 **Insurance Request for AGR Insurance:** Enter an "X" in the appropriate box.
- 14 **Insurance Year:** The applicable insurance year for which coverage will be in effect (e.g., 2005). For a fiscal year, also enter the month and year the fiscal year begins and the month and year the fiscal year ends (e.g., 05/2005 – 04/2006).
- 15 **Annual Farm Report, etc.:** Enter "X" in yes, if the applicant has provided the listed documents. Enter "X" in no, if the applicant has not provided these documents.

- 16 **Coverage Level/Payment Rate:** Indicate the amount of coverage requested by the applicant by entering the percent coverage level (first two digits) and payment rate (second two digits) selected, (e.g., 65 percent coverage level and 75 payment rate = a 65/75 entry). The 65, 75, and 80 percent coverage levels are additional coverage for premium subsidy purposes.
- 17 **Name of Previous Carrier (if any):** Enter the name of the Insurance Provider if the applicant was insured under AGR the previous crop year with a different Insurance Provider.
- 18 **Policy Number under Previous Carrier:** Policy number of the insured applicant that was assigned by the previous Insurance Provider.
- 19 **Applicant's Signature:** Applicant's signature (must match item 1); or
Authorized applicant's representative's signature when a notarized power of attorney is on file in the service office granting such person authorization to sign (must match item 2); or
Applicant under 18 years of age, the respective court-appointed guardian or parent's signature with the following statement written in "I guarantee payment of premium." /s/ parent or guardian.
- 20 **Date:** Date the applicant or the applicant's authorized representative signs the application.
- 21 **Location of Farm Headquarters And Phone Number:** Enter the physical location of farm headquarters and the area code and 7-digit phone number where the applicant can be reached during regular business hours.
- 22 **Agent Signature:** Signature of the Insurance Provider who completed the application.
- 23 **Code Number:** Insurance Provider's assigned code number.
- 24 **Date:** Date the Insurance Provider signs the application.
- 25 **Agent Address and Telephone Number:** Complete address and telephone number of the Insurance Provider who completed the application.

FOR ILLUSTRATION PURPOSES ONLY

☼ FCI-12 AGR (10-98)	U.S. DEPARTMENT OF AGRICULTURE Federal Crop Insurance Corporation ADJUSTED GROSS REVENUE APPLICATION CONTINUOUS CONTRACT (Unless otherwise specified in the Contract)	OMB NO. 05363-0053
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1 Name of Applicant I. M. INSURED		5 Applicant's Tele. XXX-XXX-XXXX	6 Applicant's Authorized Representative NONE
2 Street or Mailing Address R. R. 2		7 Policy Number XXXXXXXX	8 State and Code - County and Code MI-26 VanBuren-159
3 City and State ANY TOWN, MI	4 ZIP Code XXXXXX	9 Type of Entity SOLE	10 Is Applicant at least 18 years old? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
11 Identification Number XXXXXXXXXX	12 Check Applicable <input checked="" type="checkbox"/> SSN <input type="checkbox"/> EIN <input type="checkbox"/> OTHER	13 I request insurance coverage for my approved Adjusted Gross Revenue for the insurance year specified on my Annual Farm Report. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

A. Subject to the provisions of the Federal Crop Insurance Act and the regulations issued under that Act, I hereby apply for Adjusted Gross Revenue insurance on my tax entity. I understand that my insurable adjusted gross revenue (as indicated in box 13 above) must be insured. I also understand that the premium rates, and applicable deadlines are on file and available for my inspection in my agent's office. I further understand that no insurance will be available for my adjusted gross revenue unless this application and required forms (Annual Farm Report and farm tax forms) are completed and filed prior to the sales closing date for the insurance year. I also further understand that, although insurance under this application is continuous from year to year, policy terms, premium rates, the insurable adjusted gross revenue may change from year to year. All changes will be available in my agent's office prior to the contract change date.

14 Insurance Year YYYY	15 Annual Farm Report and farm tax forms attached. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	16 Coverage Level/Payment Rate 75/75
---	--	---

B. List all persons or entities with 10 percent or more interest in the applicant's farming operations. (See reverse side for additional space)

Name	Address	Phone (Include Area Code)	S=SSN/E=EIN/O=OTHER (Enter Code & Number)	Entity Type
SPOUSE NAME IF FILING JOINT				

C. **CONDITIONS OF ACCEPTANCE:** This application is accepted and insurance attaches in accordance with the policy unless: (1) The Federal Crop Insurance Corporation determines that, in accordance with the regulations, the risk is excessive; (2) any material fact is omitted, concealed or misrepresented in this application or in the submission of this application; (3) you have failed to provide complete and accurate information required by this application; (4) the answer to any of the following questions is "yes." An answer of yes to these questions does not automatically result in rejection of the application. For example, if you answer yes to question (a) but your debt was discharged in bankruptcy, the application would not be rejected.

YES	NO	QUESTION
<input checked="" type="checkbox"/>	<input type="checkbox"/>	(a) Are you now indebted, and the debt is delinquent, for crop insurance under the Federal Crop Insurance Act?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	(b) Have you in the last five years been convicted under federal or state law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	(c) Have you ever had crop insurance terminated for violation of the terms of the contract or regulations, or for failure to pay your indebtedness?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	(d) Are you disqualified or debarred under the Federal Crop Insurance Act, or the regulations of the Federal Crop Insurance Corporation or the United States Department of Agriculture?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	(e) Have you ever entered into an agreement with the Federal Crop Insurance Corporation or with the Department of Justice that you would refrain from participating in the crop insurance program and that agreement is still effective?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	(f) Do you have like insurance on any of the agricultural commodity(ies) covered under this contract?

I understand that if coverage is currently terminated or would have subsequently terminated for indebtedness had this application been filed after the termination date no coverage can be provided and I am ineligible for any benefits under the Federal Crop Insurance Act until the cause for termination is corrected.

We will notify you of rejection by depositing notification in the United States mail, postage paid, to the above address. Unless rejected or the sales closing date has passed at the time you signed this application, the insurance contract shall be in effect for the insurance year specified and shall continue for each succeeding insurance year, unless otherwise specified in the policy until canceled, terminated or voided. The insurance contract, which includes the accepted application, is defined in the regulation published at 7 CFR chapter IV. No term or condition of the contract shall be waived or changed unless such waiver or change is expressly allowed by the contract and is in writing.

17 Name of Previous Carrier (if any) NONE	18 Policy Number under Previous Carrier (if any) NONE
--	--

False Claim Statement

The information I have furnished on this form is complete and accurate. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. ' ' 1006 and 1014, 7 U.S.C. ' 1506, 31 U.S.C. ' ' 3729 and 3730 and other federal statutes. I certify that the information and answers on this application are correct to my knowledge and belief; that none of the reasons for rejection in items 1 through 4 of the "Conditions of Acceptance" apply; and that I am aware of and understand the requirements of the Collection of Information and Data (Privacy Act), as well as all other provisions contained on this application.

19 Applicant's Signature I. M. INSURED	20 Date MMDDYYYY	21 Location of Farm Headquarters 1 MILE NORTH OF ANY TOWN	Phone Number XXX-XXX-XXXX
22 Agent's Signature I. R. AGENT	23 Code Number XXXXXX	24 Date MMDDYYYY	25 Agent's Address 2222 ANY ST., ANY TOWN, MT XXX-XXX-XXXX

FCI-12 AGR (REVERSE)

Item B. (Cont.) Additional persons or entities with 10 percent or more interest in the farming operation.

Name	Address	Phone (Include Area Code)	S=SSN/E=EIN/O=Other (Enter Code & Number)	Entity Type
NONE				

COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)

To the extent that the information requested herein relates to your individual capacity as opposed to your business capacity, the following statements are made in accordance with the Privacy Act of 1974, as amended (5 U.S.C. 552a). The authority for requesting information to be furnished on this form is the Federal Crop Insurance Act, (7 U.S.C. 1501 et seq.) and the Federal crop insurance regulations contained in 7 C.F.R. chapter IV.

Collection of the social security account number (SSN) or the employer identification number (EIN) is authorized by section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506), and is required as a condition of eligibility for participation in the Federal crop insurance program. The primary use of the SSN or EIN is to correctly identify you, and any other person with an interest in you or your entity of 10 percent or more, as a policyholder within the systems maintained by the Federal Crop Insurance Corporation (FCIC). Furnishing the SSN or EIN is voluntary; however, failure to furnish that number will result in denial of program participation and benefits.

The balance of the information requested is necessary for the insurance company and FCIC to process this form to: provide insurance; provide reinsurance; determine eligibility; determine the correct parties to the agreement; determine and collect premiums or other monetary amounts (including administrative fees and over payments); and pay benefits. The information furnished on this form will be used by Federal agencies, FCIC employees, insurance companies, and contractors who require such information in the performance of their duties. The information may be furnished to: FCIC contract agencies, employees and loss adjusters; reinsured companies; other agencies within the United States Department of Agriculture; The Department of Treasury including the Internal Revenue Service; the Department of Justice, or other Federal or State law enforcement agencies; credit reporting agencies and collection agencies; other Federal agencies as requested in computer matching programs; and in response to judicial orders in the course of litigation. The information may also be furnished to congressional representatives and senators making inquiries on your behalf. Furnishing the information required by this form is voluntary; however, failure to report the correct and complete information requested may result in rejection of this form; rejection of any claim for indemnity, replanting payment, or other benefit; ineligibility for insurance; and a unilateral determination of any monetary amounts due.

PAPERWORK REDUCTION ACT

In accordance with the Paperwork Reduction Act, public reporting burden for the collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate, or any other aspect of this collection information, including suggestions for reducing this burden to the Department of Agriculture, Clearance Officer, OIRM (OMB No. 0563-0053), Stop 7630, Washington, D.C. 20250-7630.

NONDISCRIMINATION STATEMENT

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

34 ANNUAL FARM REPORT COMPLETION INSTRUCTIONS

Verify or make the following entries:

HEADING

Item

No. Information Required

- 1 **IRS Accounting Method:** The accounting method (cash or accrual) used to file income taxes with the IRS for the insurance year.
- 2 **Insurance Year:** The current insurance year (e.g., 2005). For a Fiscal Tax year, also enter the month and year the fiscal year begins and the month and year the fiscal year ends (e.g. 5/2005 – 4/2006).
- 3 **Producer Information:** The name of the applicant/insured that identifies exactly the person (a legal entity which must be the same as for income tax purposes) for whom the Annual Farm Report is completed. Enter the applicant/insured's complete address and telephone number.

Enter the social security number or the tax identification number associated with the entity. Enter the type tax entity (sole proprietor, partnership, a corporation, estate, trust, etc.).
- 4 **Agency Information:** The name, address, telephone number, and code number of the agent that provides insurance service to the insured.

Policy Number: The insured's assigned policy number (applicable if a carryover policy).
- 5 **State/County:** Enter the applicable state and county or independent city and codes in which agricultural commodities will be produced that are expected to generate allowable income. [See Part 3, Section 20, Par. (B) for complete instructions.] Producers are not eligible for AGR coverage if they do not produce agricultural commodities in pilot counties or if they produce agricultural commodities in counties whose boundary(ies) DO NOT touch pilot counties.
- 6 **Other Insurance:** Enter the commodities on which other insurance policies are in force and the corresponding policy numbers (if applicable).

REVENUE (AGR) REPORT

- 7 **Tax Year:** Enter the IRS tax years corresponding to the allowable income and allowable expenses for each tax year reported for AGR history purposes. Five tax years are required to document the historic revenue. Entities, in the business of farming, that do not file Schedule F's for tax purposes must file substitute Schedule F's to be eligible for AGR coverage. This is necessary to account for allowable income and expenses in the same manner as producers who file Schedule F's.

- 8 **Allowable Income:** Enter the allowable income (rounded to the nearest whole dollar) taken from applicable IRS tax records, for each tax year reported.
- 9 **Allowable Expenses:** Enter the allowable expenses (rounded to the nearest whole dollar) taken from applicable IRS tax records, for each tax year reported.
- 10A **Total:** Enter the sum of the allowable income reported in Col. 8. in Item 10A.
- 10B **Total:** Enter the sum of the allowable expenses reported in Col. 9 in Item 10B.
- 11A **Average:** Enter the results of dividing the total allowable income for the insurance year (Item 10A, Column 8) by five. Round to the nearest whole dollar.
- 11B **Average:** Enter the results of dividing the total allowable expenses for the insurance year (item 10B, Column 9) by five. Round to the nearest whole dollar.
- 12A **Commodity Name/Code:** Enter the name of any agricultural commodity that will be produced or purchased for resale during the insurance year. The Insurance Provider must enter the applicable agricultural commodity code. [See Part 2, Section 20 Par. (B) for additional instructions.] Each different agricultural commodity must be listed on a separate line. Commodities purchased for resale must also be listed. If purchased for resale, place "PR" immediately behind the agricultural commodity's name. Examples: Cucumbers (fresh market), Cucumbers (processing), Apples, Cabbage, Turnip Greens, Maple Syrup, Animal Products (Honey, Milk, Wool, etc.), Animals (Hogs; Finish, Farrow/Finish, etc.), And Animals (Poultry, Game Birds, etc.).
- If more than one production cycle/harvest of the agricultural commodity is intended during the insurance year, the acreage, expected production and expected income may be summed on a single line. (e.g., 1st planting is cabbage planted in the fall of 2004 and harvested in the 2005 insurance year, 2nd planting is cabbage planted in February of 2005 and harvested in the spring of 2005). For crops produced in a greenhouse, enter greenhouse. If more than one greenhouse is accounted for on one line, enter the number of greenhouses immediately behind "greenhouse."
- 12B **Total Number Commodities:** Enter the total number of commodities reported in 12A.
- 13 **No. Years Produced:** Enter the number of years the agricultural commodity was produced in the previous six insurance years.
- 14 **Intended Amount:** This column documents the amount of insurable commodities that insureds expect to produce. See FCIC-M13 Data Acceptance System Handbook for line/record rounding rules. For units of measure not listed, round to whole numbers in a 2-position decimal field.
- 14A **Acres, Etc.:** For field crops, enter the number of acres to tenths that will be produced (e.g., 40.0 acres of processing cucumbers) and if a perennial crop, list ONLY bearing acres. For animals, enter the number to be produced during the insurance year. For commodities grown in greenhouses, enter the total square feet for the number or greenhouses listed on the line. For commodities

purchased for resale enter the total number/amount that will be purchased for resale. For animal products (milk, wool, honey, etc.) enter the total tons, hundredweight, or pounds respectively that will be produced

- 14B **Yield:** For each unit of measure reported in Col. 14A, enter the amount of the commodity to be produced. For APH crops insured under MPCl policies, yields reported for AGR should be consistent with APH yields unless damage occurred prior to coverage beginning, production practices to be carried out, or other uninsured causes will reduce the crop's production from previous levels. The unit of measure must be consistent with how the commodity is marketed (e.g., 5.5 tons of processing cucumbers per acre). For commodities with the total production entered in Col. 14A, enter 1.0 (e.g., animals that will be sold by the head, milk and commodities purchased for resale). For animals that are marketed by the pound, enter the expected pounds of gain per animal.
- 15 **Total Amount:** Enter the total amount of the commodity that is expected to be produced. Multiply the number entered in column 14A times the yield in 14B and enter the result in Col 15. For example, for field crops multiply the acres reported (Col. 14A) times the expected yield (e.g., 40.0 acres of processing cucumbers X 5.5 tons per acre = 220 tons). Enter the abbreviation, for the unit of measure after the total amount of production. For data acceptance purposes, a numeric code corresponding to the unit of measure must be submitted. See Exhibit 5 for unit of measures, abbreviations, and unit numeric codes.
- 16 **Expected Value:** Enter the average expected value (contracted value if produced under a contract with a specified price) of the agricultural commodity in the unit of measure, in which it is marketed (tons, cwt., bu., lbs., etc.) For example, the average market price of cucumbers (processing) is expected to be \$155 per ton; therefore, \$155 is entered. For crops produced in a greenhouse, enter the expected gross income per square foot relative to the crops that will be produced. For commodities purchased for resale (exception: animals that will be marketed in pounds), enter the expected market price less the cost or other basis. For animals that are marketed in pounds, enter the average expected market price. See Exhibit 4, Expected Value Guidelines for additional underwriting information.
- 17 **Dollars:** Enter the total dollars expected from each agricultural commodity (by line) that will be produced during the insurance year. Multiply the total amount of expected production (Col. 15) times the expected market value (Col. 16) and enter the result in Col. 17. For example: 220 tons X \$155 per ton = \$34,100.
- 18 **Total Expected Income:** Enter the sum of the dollars reported in Col. 17 for all commodities reported. Round to the nearest whole dollar.
- 19A **Indexed Income:** Enter the income trend factor when applicable. See Part 2, section 19, Par. B(2) for the factor calculation.
- 19B **Approved Expenses:** Enter the approved expenses for the current insurance year. See Part 2, Section 19, Par. E for additional instructions.
- 20 **Preliminary AGR:** For all new insureds, the agent must calculate and enter the preliminary AGR. The preliminary AGR is calculated following the same procedure used to calculate the approved AGR.

21 **Approved AGR:** The Insurance Provider (verifier) must calculate and enter the approved AGR. See Part 1, Section 7, Par. B.

22 **Report of Changes:** The applicant/ insured must explain in the Narrative any of the following:

Any changes to the farming operation for the insurance year that will change the expected income as compared to the historic AGR. [See Part 3, Section 28, Par. A for additional instructions.] Changes such as, tax entity, tax accounting method, the size of the farming operation (decrease in acreage/share), marketing method to be used (fresh market, processing, wholesale, retail), condition of a perennial crop, removal of perennial crop's root stock, failure to replace expendable commodities, etc., must be reported. The expected effect of the change to the AGR must be described in detail.

23 **Integrated /Post Production Operations:** If the applicant/insured performs post-production operations or has financial transactions involving income, expenses, and post production costs with related persons, persons with a SBI in the insured, or related tax payers, yes must be checked. Any such persons/entities must be listed and the nature and extent of the transactions must be described. If post-production operations are involved, the percent of income and expenses from the post-production operations must be indicated. For such operations, the local market value (for inventoried commodities and accounts receivable), price received (for sold commodities) and the cost of post-production operations must be determined at fair market value according to the AGR policy. (e.g., An insured has a 50 percent share in a packing plant, which is a separate corporation. The packing plant packs all of his/her fruit and vegetables along with that of the other members of the corporation. In this example the insured must check yes, indicate 50 percent ownership of the packing plant, identify the corporation, and describe the post-production activities that the packing plant performs.

24 **Producer's Signature and Date:** The applicant/insured must sign and date the Annual Farm Report. Insurance Providers may not accept unsigned Annual Farm Reports or Annual Farm Reports signed after the applicable sales closing date.

25 **Representative's Signature and Date:** The agent's signature is optional, or as required by the Insurance Provider.

Page Numbers: Examples: Page 1 of 1, Page 1 of 2, Page 2 of 2, etc.)

FOR ILLUSTRATION PURPOSES

FCI-821 AGR (12-2003)			U. S. DEPARTMENT OF AGRICULTURE Federal Crop Insurance Corporation ANNUAL FARM REPORT			1. IRS Accounting Method? Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/>		2. Insurance Year: YYYY		
3. PRODUCER INFORMATION: I. M. INSURED R. R. 2 ANY TOWN, MI XXXX Phone Number: XXX-XXX-XXXX			Type of Tax Entity: SOLE PROPRIETOR SSN <input checked="" type="checkbox"/> EIN <input type="checkbox"/>	4. AGENCY INFORMATION: R. AGENT 2222 ANY ST. ANY TOWN, MI XXXXX Policy No.: XXXXXXXX Phone Number: XXX-XXX-XXXX			5. State(s): 026 - MI County(ies): 159 - VANBUREN		6. Will any listed commodity also be insured under another insurance policy? If yes, list the commodity and contract number(s). CORN XXXXXX	
ADJUSTED GROSS REVENUE (AGR) REPORT			INTENDED COMMODITY REPORT						TOTAL VALUE BY COMMODITY	
TAX YEAR 7	ALLOWABLE INCOME 8	ALLOWABLE EXPENSES 9	COMMODITY NAME/CODE 12A	NO. YEARS PRODUCED 13	INTENDED AMOUNT ACRES, ETC. 14A YIELD 14B		TOTAL AMOUNT 15	EXPECTED VALUE 16	DOLLARS 17	
			CUCUMBERS 0603	4	40.0 ACRES	5.5	220.0 TON	155.00	34,100	
			GRAPES 0053	6	31.2 ACRES	5.2	162.2 TON	230.00	37,306	
1999	90,500	63,500	APPLES 0054	6	40.0 ACRES	18,600	744,000 LB	.10	74,400	
2000	99,550	74,660	CORN 0041	4	80.0 ACRES	100	8,000 BU	2.20	17,600	
2001	92,000	83,500								
2002	119,600	83,900								
2003	130,360	100,370								
TOTAL	10A 532,010	10B. 405,930								
AVERAGE	11A. 106,402	11B. 81,186	12B. TOTAL NUMBER COMMODITIES: 4				18. TOTAL EXPECTED INCOME: 163,406			
19A. INDEXED INCOME: 1.355 106,402 X (1.079 ⁴) = 144,175		19B. APPROVED EXPENSES: 1.596 81,186 X (1.124 ⁴) = 129,573		20. PRELIMINARY AGR: 144,175			21. APPROVED AGR: (Company use only) 144,175			
22 REPORT OF CHANGES:										

Have there been any changes in tax entity or changes in crops/crop mix, intended use of a crop, marketing plans, ownership, business structure, size of operation, farming practice, type of farming activity, accounting methods, or any other change that alters farm income from the average (historic) income? If yes, describe this change(s) and its expected effect on adjusted gross revenue, by applicable commodity. (Explain in Narrative and on an attachment if necessary)

Narrative:

Purchased 10 additional bearing acres of Apples.

(Continued on Reverse)

FCI-821 AGR (Reverse)

22 REPORT OF CHANGES (Continued):

23 INTEGRATED/POST-PRODUCTION OPERATIONS; I am involved in ANY post-production operations including other tax entities? Yes ___ No_X_ If yes, explain the extent below.

I certify that the information I have furnished as reflected on this form is complete and accurate for the IRS tax entity, commodity(ies), income, expenses and year(s) shown. I understand this form may be reviewed or audited and that information inaccurately reported or failure to retain records to support information on this form, may result in a recomputation of the approved adjusted gross revenue. I also understand that failure to report completely and accurately may result in avoidance of my adjusted gross revenue insurance contract and may result in criminal or civil false claims penalties (18 U.S.C., 1006 and 1014; 7 U.S.C. 1506; 31 U.S.C. 3729 and 3730).

24 PRODUCER'S SIGNATURE	DATE	25 REPRESENTATIVE'S SIGNATURE	DATE
I. M. Insured	MMDDYYYY	XXXXX I. R. AGENT	MMDDYYYY

COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)

To the extent that the information requested herein relates to the your individual capacity as opposed to the your business capacity, the following statements are made in accordance with the Privacy Act of 1974, as amended (5 U.S.C. 552a). The authority for requesting information to be furnished on this form is the Federal Crop Insurance Act, (7 U.S.C. 1501 et seq.) and the Federal crop insurance regulations contained in 7 C.F.R. chapter IV.

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PAPERWORK REDUCTION ACT

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35 INVENTORY AND ACCOUNTS RECEIVABLE REPORTS

Verify or make the following entries:

HEADING

Item

No. Information Required

- 1 **IRS Accounting Method:** The accounting method (cash or accrual) used to file income taxes with the IRS for the current insurance year.
- 2 **Insurance Year:** The current insurance year (e.g., 2005). For a Fiscal Tax year, also enter the month and year the fiscal tax year begins and the month and year the fiscal tax year ends (e.g., 05/2005 – 04/2006).
- 3 **Producer Information:** The name of the applicant/insured that identifies exactly the person (a legal entity which must be the same as for income tax purposes) for whom the Annual Farm Report is completed. Enter the applicant/insured's complete address, type of tax entity, telephone number, and type of tax number.
- 4 **Agency Information:** The name, address, telephone number, and code number of the agent that provides insurance service to the insured.

Policy Number: The insured's assigned policy number.
- 5 **State: County:** Enter the applicable state and county or independent city and codes in which agricultural commodities will be produced that are expected to generate allowable income. [See Part 3, Section 20, Par. (B) for complete instructions.]

PART I - INVENTORIES

- 6 **Commodity (Name):** Enter the name of the agricultural commodity that is required to be inventoried. This will include any agricultural commodities stored on the farm, in commercial storage, or delivered to a processor or warehouse which was not sold (or was not under contract with a buyer for a specified price) at the beginning or end of the insurance year. Make a separate line entry for each agricultural commodity or different category of the agricultural commodity as appropriate (e.g., Corn, Soybeans, Apples, Cherries, Potatoes, etc.).

Enter on a separate line, the name of each agricultural commodity that was produced during the insurance year for which the claim is being completed that was on inventory at the end of that insurance year.

- 7 **Year:** For beginning inventories, enter the insurance year from which the beginning inventory was carried forward. For ending inventories of agricultural commodities produced during the insurance year for which the claim is being completed, enter that insurance year.

- 8 **Locations:** Enter the location of the inventoried agricultural commodity. For example: If in commercial storage, enter the name and address of the storage facility. If delivered to a processor but not under contract for a specified price, enter the name and address of the processor.
- 9 **Beginning Inventory:** Enter the total amount of the commodity (in the unit of measure which it is marketed; tons, cwt., bu., lbs., etc.) that was produced or purchased for resale in the previous insurance year that was not sold or otherwise disposed of prior to the beginning of the tax year. The insured must provide supporting verifiable records, which document the beginning inventory, certified.
- 10 **Ending Inventory:** Enter the total amount of the commodity (in the unit of measure which it is marketed; tons, cwt, bu, lbs, etc.) that was not sold (or was not under contract with a buyer for a specified price) or otherwise disposed of on or before the end of the tax year. The insured must provide supporting verifiable records, which document the ending inventory, certified. The ending inventory is the beginning inventory for the subsequent insurance year.
- 11A **Disposed Of:** Enter the amount of the commodity (in the unit of measure which it is marketed; tons, cwt, bu., lbs., etc.) included in the beginning inventory that was sold, fed, lost in storage, bartered, or otherwise disposed of during the insurance year. The ending inventory plus the amount disposed of must equal the beginning inventory. Separate calculations (line entries) are required if disposed of differently or different prices are applicable.
- 11B **Code:** Enter the applicable code that best describes how the beginning inventory was disposed of. S=Sold, F=Fed to animals/livestock, LS=Lost during storage (spoiled, structure destroyed, animals died, etc.).

Enter CO for ending inventories that will be carried over to the beginning of the subsequent insurance year.

- 12 **Value (Dollars):** Enter the value that is applicable to the beginning inventory that was disposed of or the value that is applicable to the ending inventory of agricultural commodities produced during the insurance year for which the claim is completed.

For beginning inventories disposed of, enter the actual value if sold prior to the end of the insurance year. For commodities that were fed, bartered (and fair market value was reported to IRS), lost in storage, or otherwise disposed of prior to the end of the insurance year from which income was not earned and reported to IRS, enter "0" value.

For ending inventories of agricultural commodities produced during the insurance year, use the actual price received if sold prior to the time the claim is completed. If not sold prior to the time the claim is completed, use the local market value applicable on the first day of the month in which the claim is completed. Separate calculations are required if different prices are applicable (separate line entries).

- 13 **Dollar Amount:** Multiply the disposed of (Col. 11A) and the amount of ending inventory from agricultural commodities produced during the insurance year (Col 10) times the applicable value (Col. 12) and enter the product in Col. 13 (+/-). Amounts attributed to beginning inventories disposed of are subtracted from allowable income (negative amounts). Amounts attributed to ending inventories of commodities produced during the insurance year are added to allowable income (+).

- 14 **Total Inventory Adjustments (+/-) To Claim:** Total the dollar amounts (Column 12) attributed to changes in inventory, enter the total, and rounded to the nearest whole dollar (+/-). Transfer the total to the AGR Claim for Indemnity Worksheet (Item 27). Attach a copy of the worksheet, to document the amount entered on the claim.

PART II - ACCOUNTS RECEIVABLE

- 15 **Commodity (Name):** Enter the name of any agricultural commodity that was sold at a specified price from which complete settlement has not been made at the beginning or end of the covered insurance year. This will include agricultural commodities stored on the farm, in commercial storage, or delivered to a processor or warehouse. Make a separate line entry for each commodity or for different categories of commodities, as appropriate.
- 16 **Name and Address of Buyer:** Enter the name and address of the buyer of the agricultural commodity.
- 17 **Beginning Amount (Dollars):** Enter the total dollar amount receivable at the beginning of the insurance year. The insured must provide supporting verifiable records indicating the amount of the commodity sold and the specified price per unit of measure (tons, cwt., bu., lbs., etc.).
- 18 **Ending Amount (Dollars):** Enter the total dollar amount receivable at the end of the insurance year. The insured must provide supporting verifiable records indicating the amount of the commodity, the specified price per unit of measure (tons, cwt., bu., lbs., etc.). The ending amount becomes the beginning accounts receivable for the subsequent insurance year.
- 19 **Balance:** The change in accounts receivable (balance) is determined by subtracting the beginning amount (Col. 17) from the ending amount (Col. 18). The result can be either a positive or negative amount (+/-).
- 20 **Total Accounts Receivable Adjustments (+/-) to Claim (dollars):** Total the amounts in Col. 19 and enter the sum in item 20, rounded to the nearest whole dollar (+/-). Attach a copy of the worksheet to document the amount entered on the claim in item 28.
- 21 **Producer's Signature and Date:** The applicant/insured must sign and date the Inventory and Accounts Receivable Report. Insurance Providers may not accept if unsigned or if submitted and signed after the claim for indemnity is processed.
- 22 **Representative's Signature and Date:** The representative's (adjuster's) signature is required when a claim for indemnity is completed.

Page Numbers: Page numbers - (Example: Page 1 of 1, Page 1 of 2, Page 2 of 2, etc.)

(RESERVED)

FCI-822 AGR (Reverse)

PART II - ACCOUNTS RECEIVABLE				
COMMODITY (Name) 15	NAME AND ADDRESS OF BUYER 16	BEGINNING AMOUNT (Dollars) 17	ENDING AMOUNT (Dollars) 18	BALANCE (Col. 18 - 17 (+/-)) 19
		20 TOTAL ACCOUNTS RECEIVABLE ADJUSTMENTS (+/-) TO CLAIM (DOLLARS)		

I certify that the information I have furnished as reflected on this form is complete and accurate for the commodity(ies). I understand this form may be reviewed or audited and that information inaccurately reported or failure to retain records to support information on this form, may result in income from all inventories and accounts receivable being considered income to count for the current insurance year. I also understand that failure to report completely and accurately may result in avoidance of my adjusted gross revenue insurance contract and may result in criminal or civil false claims penalties (18 U.S.C., 1006 and 1014; 7 U.S.C. 1506; 31 U.S.C. 3729 and 3730).

21 PRODUCER'S SIGNATURE	DATE	22 REPRESENTATIVE'S SIGNATURE	DATE
I. M. INSURED	MMDDYYYY	XXXXX I. R. AGENT	MMDDYYYY

Page 1 of 1

COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)

To the extent that the information requested herein relates to the your individual capacity as opposed to the your business capacity, the following statements are made in accordance with the Privacy Act of 1974, as amended (5 U.S.C. 552a). The authority for requesting information to be furnished on this form is the Federal Crop Insurance Act, (7 U.S.C. 1501 et seq.) and the Federal crop insurance regulations contained in 7 C.F.R. chapter IV.

Collection of the social security account number (SSN) or the employer identification number (EIN) is authorized by section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506), and is required as a condition of eligibility for participation in the Federal crop insurance program. The primary use of the SSN or EIN is to correctly identify you, and any other person with an interest in you or your entity of 10 percent or more, as a policyholder within the systems maintained by the Federal Crop Insurance Corporation (FCIC). Furnishing the SSN or EIN is voluntary; however, failure to furnish that number will result in denial of program participation and benefits.

The balance of the information requested is necessary for the insurance company and FCIC to process this form to: provide insurance; provide reinsurance; determine eligibility; determine the correct parties to the agreement; determine and collect premiums or other monetary amounts (including administrative fees and over payments); and pay benefits. The information furnished on this form will be used by Federal agencies, FCIC employees, insurance companies, and contractors who require such information in the performance of their duties. The information may be furnished to: FCIC contract agencies, employees and loss adjusters; reinsured companies; other agencies within the United States Department of Agriculture; The Department of Treasury including the Internal Revenue Service; the Department of Justice, or other Federal or State law enforcement agencies; credit reporting agencies and collection agencies; other Federal agencies as requested in computer matching programs; and in response to judicial orders in the course of litigation. The information may also be furnished to congressional representatives and senators making inquiries on your behalf. Furnishing the information required by this form is voluntary; however, failure to report the correct and complete information requested may result in rejection of this form; rejection of any claim for indemnity, replanting payment, or other benefit; ineligibility for insurance; and a unilateral determination of any monetary amounts due.

PAPERWORK REDUCTION ACT

In accordance with the Paperwork Reduction Act, public reporting burden for the collection of information is estimated to average 60 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate, or any other aspect of this collection information, including suggestions for reducing this burden to the Department of Agriculture, Clearance Officer, OIRM (OMB No. 0563-0053), Stop 7630, Washington, D.C. 20250-7630.

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

36 AGRICULTURAL COMMODITY PROFILE

Verify or make the following entries:

PART I - PRODUCER INFORMATION

Item

No. Information Required

1 Name/Policy Number:

Producer: Your name and, if insured, your AGR policy number.

Insurance Provider: The insured's policy number or, if entered by the insured, verify that it is correct.

2 Insurance Year:

Producer: Enter the calendar or fiscal year that corresponds to the insurance year (e.g., 2005). For a Fiscal Tax year, also enter the month and year the fiscal tax year begins and the month and year the fiscal tax year ends (e.g., 05/2005 – 04/2006).

3 Agency Information:

Insurance Provider: Enter the name, address, telephone number and code number of the agent responsible for servicing the AGR policy.

4 Type of Taxpayer:

Producer: Enter the entity under which you will file income taxes with the IRS for the insurance year.

5 State(s)/County(ies):

Producer: Enter all states and all counties from which farm revenue will be earned for the insurance year.

PART II - AGRICULTURAL COMMODITY PROFILE

6 Crop or Commodity:

Producer: The names of any crop or agricultural commodity produced or purchased for resale during the AGR base period.

Each different crop or commodity must be listed on a separate line. If purchased for resale, place a "PR" immediately behind the crop/commodity's name.

If a perennial crop, bearing and non-bearing acreage of the same crop must be listed on a separate line.

Commodities (animals/livestock and their by-products) must be categorized and listed on a separate line according to the way they were marketed. (See Part 2, Par. 20(B) for additional instructions.)

For crops that were produced in a greenhouse enter, "Greenhouse" as the crop name. If more than one greenhouse, enter the number of green houses. Example: Greenhouse (3).

7-11 Tax Year:

Producer: The tax years for the AGR base period. For the 2005 insurance year, the 1999-2003 tax years are required. Begin with the oldest tax year (1999) in column 7, and end with the most recent tax year (2003), in column 11.

Sub Columns:

Tax Year: Producer: For each tax year and for each commodity listed, complete each sub-column as follows.

Acres: Enter the:

Number of acres, to tenths, for annual and perennial field crops;

Number of square feet contained in greenhouses for greenhouse crops. Total square feet if more than one greenhouse;

Number of animals/livestock sold, or for other commodities or animal/livestock by-products the

Approximate amount of the commodity sold in the unit of measure sold (Example: Milk 100 tons, Wool 10,000 lbs, etc.).

Market: Enter the market code(s) that best describes how the commodity was marketed.

Enter the applicable of the following market codes for perennial crops and perishable annual crops (e.g., apples, peaches, carrots, peas, green beans, etc.):

F = Sold as fresh market;

P = Sold as a processing product (juice, baby food, etc.); or

F/P = Some of the crop was marketed as fresh market and some as a processing product. If greenhouse, a non-perishable annual crop, an animal/livestock, or an animal/livestock by-product use applicable of the following market codes:

W = Crops/commodities sold at a wholesale price in quantity for resale;

R = Crops/commodities sold at a retail price in small quantities to the ultimate consumer;

W/R = Some of the crop/commodity sold wholesale and some sold retail.

Percentage (%): Enter the approximate percentage of:

The acres from which production was marketed as either as "F" or "P". If production marketed as "F/P" enter the corresponding percentages (example 60 percent fresh market and 40 percent processing would be indicated as 60/40).

The crop/commodity, which was marketed as "W" or "R". If marketed as "W/R" enter the corresponding percentages (example 80 percent of the crop/commodity was sold wholesale and twenty percent sold retail, this would be indicated as 80/20).

Irrigated Practice: Enter the percent of income received from crops with an irrigated practice. Not applicable to non-irrigated crops.

FOR ILLUSTRATION PURPOSES ONLY

FCI-823 AGR
(8-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation

OMB NO. 0563-0053

AGRICULTURAL COMMODITY PROFILE

PART I - PRODUCER INFORMATION

1 Name I. M. INSURED		Policy Number XXXXXXXX		2 Insurance Year YYYY		3 Agency Information I. R. AGENT 2222 ANY STREET ANY TOWN, MI XXXXX		4 Type of Taxpayer: Check one. If <input type="checkbox"/> Other Box or corporation checked Describe the tax entity. <input checked="" type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Other			
5 State(s) 026 - MICHIGAN		County(ies) 021 BERRIEN		159-VANBUREN		Phone Number: XXX-XXX-XXXX		Agent Code: XXXXX			

PART II - AGRICULTURAL COMMODITY PROFILE

6 CROP OR COMMODITY	7 TAX YEAR 1999				8 TAX YEAR 2000				9 TAX YEAR 2001				10 TAX YEAR 2002				11 TAX YEAR 2003			
	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.
CUCUMBERS 0603	0				15.0	P	100		0				20.0	P	100		30.0	P	100	
GRAPES 0053	25.0	P	100		25.0	P	100		25.0	P	100		25.0	F/P	20/80		31.2	F/P	20/80	
GRAPES (NON-BEARING) 0053	0				6.2				6.2				6.2				0			
APPLES (BEARING) 0054	25.0	F/P	40/60		25.0	F	100		25.0	P	100		30.0	F/P	80/20		30.0	F	100	
APPLES (NON-BEARING) 0054	5.0				5.0				5.0				0				0			
CORN 0041	40.0	W	100		0				80.0	W	100		0				60.0	W	100	
SOYBEANS 0081	40.0	W	100		40.0	W	100		0				50.0	W	100		0			
CARROTS 0624	5.0	P	100		0				5.0	P	100		6.0	P	100		0			

FCI-823 AGR (Reverse)

PART II - AGRICULTURAL COMMODITY PROFILE

6 CROP OR COMMODITY	7 TAX YEAR				8 TAX YEAR				9 TAX YEAR				10 TAX YEAR				11 TAX YEAR				
	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	

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37 ANIMAL INVENTORY/ACCOUNTING WORKSHEET

If applicable, beginning and ending inventories are necessary to determine the revenue to count for animals marketed during the insurance year on an accrual basis. A complete inventory of breeding and market animals must be maintained; however, it is recommended that separate inventories be maintained for breeding and for market animals. The breeding inventory is used to support the number of (inventory) market animals and to document culled breeding animals transferred from the breeding category to the market category and sold during the insurance year. Breeding animals produced on the farm or purchased as assets are accounted for using breeding animal inventories. Changes in the value of inventoried breeding animals that are not intended for market should not affect revenue to count for the insurance year. When applicable, a complete beginning inventory for animals that will be marketed, including breeding animals transferred to the market category, (Part 2 of the Animal Inventory/Accounting Worksheet) must be provided to the Insurance Provider no later than the last day of the month in which the tax year begins.

An ending inventory (Part 3 of the worksheet) must also be completed if an indemnity is to be claimed. Part 4, calculates the revenue to count for claim purposes using increases or decreases in inventory values during the insurance year. The cost or basis for animals purchased for resale that are sold during the tax year are transferred to the Schedule F (line 2 cash or line 47 accrual accounting) and must be removed from the beginning inventory prior to making inventory adjustments on the claim. Animals must be grouped according to the type/category corresponding to how they will be marketed to accurately value them. Local market value is determined at the beginning of the insurance year for beginning inventories, and for ending inventories at the end of the insurance year for each applicable type/category.

If animals are marketed in pounds, gross inventory values will be determined by multiplying the number of animals X the average lbs. per animal for the type/category X applicable value/price per lb.

For animals sold individually (by the head/animal), inventory values will be measured by multiplying the number of animals/livestock X the average value/price per animal for the type/category.

Complete the beginning inventory (breeding animal inventory and market animal inventory for each applicable type/category of animals on hand at the beginning of the insurance year. Complete the ending inventory for animals that are on hand at the end of the insurance year. Include on the breeding animal inventory animals/livestock from which income is accounted for as gains or losses on Schedule D (Form 1040), Form 4797 (animals held for breeding, dairy purposes, or not held primarily for sale), or is depreciated on Form 4799. Complete each applicable column or item by entering:

PART 1 - PRODUCER INFORMATION

Verify or make the following entries:

Item No. Information Required

- 1 **Name:** The name of the insured that identifies exactly the person (a legal entity which must be the same as for income tax purposes) for whom the Animal Inventory/Accounting Worksheet is completed.

Policy Number: The insured's assigned policy number (applicable if a carryover policy).

- 2 **Insurance Year:** The current insurance year (e.g., 2005). For a Fiscal Tax year, also enter the month and year the fiscal tax year begins and the month and year the fiscal tax year ends (e.g., 05/2005 – 04/2006).
- 3 **Agency Information:** The name, address, telephone number, and code number of the agent that provides insurance service to the insured.

PART 2 - BEGINNING INVENTORY THE FIRST DAY OF THE TAX YEAR

- 4 **Type of Animals or Commodities:** The type/category of animals or commodities (cattle/feeder calves, hogs/feeder pigs, turkeys/broilers, chickens/broilers, catfish/stockers, etc). A separate line entry must be made for: each type of animal and the intended market categories of animals, produced/born, and animals purchased. See Part 2, Section 20(B) for additional information concerning type/category.

- 5 **Number:** The number of animals for each type/category (by line) on hand at the beginning of the tax year.

- 6 **Average Weight:** The average weight at the beginning of the tax year for animals marketed in pounds.

For animals sold individually (e.g., baby calves or weaning pigs sold by the head) and animals being depreciated, enter a dash (-)

- 7 **Average Value:** For animals raised (market and breeding animals) or for animals purchased for resale, enter the average value per pound at the beginning of the tax year if marketed in pounds or, if the animals are sold individually, enter the average value per animal at the beginning of the tax year.

For breeding animals purchased as assets enter the amount paid, less prior years depreciation allowed by IRS.

- 8 **Total Value \$:** The total value of all the animals entered on the line.

For animals marketed in pounds, multiply the Number of animals (Col. 5) X the average weight (Col. 6) X the average value (Col. 7).

For animals sold individually and for breeding animals purchased as assets, multiply the Number of animals (Col. 5) X the average value (Col. 7).

- 9 **Cost or Basis:** For animals purchased for resale, enter the total cost of animals that were purchased. When animals purchased for resale are sold, IRS requires the cost or other basis to be entered on Schedule F. For claims purposes, when the cost or other basis is entered on Schedule F, the cost must be removed from the beginning inventory and the total beginning inventory value recalculated prior to making inventory adjustments on claims.

For breeding animals purchased as assets, enter the amount paid less the depreciation allowed by IRS on form 4799 for previous tax years multiplied times the number of animals. For animals that were not purchased (produced on the farm) enter "0."

- 10 **Net Value:** The net value of animals on inventory at the beginning of the year. Subtract the amount in Col. 9 from Col. 8 and enter the remainder.

- 11 **Total Beginning Value Less Cost or Other Basis:** The total net value of all animals on inventory at the beginning of the tax year. Sum the amounts entered in Col. 10.

PART 3 - ENDING INVENTORY ON THE LAST DAY OF THE TAX YEAR

- 12 **Number:** The number of animals on hand at the end of the tax year (December 31 if a calendar year). If animals in beginning inventory will be carried over to the subsequent insurance year, enter the number to be carried over. If all animals in the beginning inventory on the line were disposed of, enter "0." For animals purchased or produced during the tax year that will be carried over, enter number purchased and/ the number produced on separate lines. Enter the applicable type/category in Column 4.
- 13 **Average Weight:** For animals marketed in pounds, enter the average weight at the end of the tax year for the type/category reported.
- For animals sold individually or being depreciated, enter a dash (-).
- 14 **Average Value:** The average value per pound for animals marketed in pounds at the end of the tax year.
- For animals sold individually, enter the average value per animal at the end of the tax year. For breeding animals purchased as assets, enter the amount paid, less the depreciation allowed for previous tax years, and the current tax year.
- 15 **Total \$ Value:** The total value of all animals entered on the line.
- For animals marketed in pounds, multiply the Number of animals (Col. 12) X the average weight (Col. 13) X the average value (Col. 14).
- For animals sold individually or animals being depreciated, multiply the Number animals (Col. 12) X the average value (Col. 14).
- 16 **Cost or Basis:** The average cost or basis of the animals purchased for resale during the tax year. For breeding animals purchased as assets, enter the amount paid less the depreciation allowed in previous tax years and the current tax year, multiplied times the number of animals being depreciated. For animals produced on the farm, enter "0."
- 17 **Net Value:** The net value of animals on inventory at the end of the tax year. Subtract the amount in Col. 16 from Col. 15, and enter the remainder.
- 12-17 Carry forward the applicable information as the beginning inventory for the subsequent tax year.
- 18 **Total Ending Value Less Cost or Other Basis:** The total net value of all animals on inventory at the end of the tax year. Sum the amounts entered in Col. 17.

PART 4 - INVENTORY ADJUSTMENT (to be completed ONLY if a claim filed)

- 19 **Adjustment:** Any applicable adjustment to the income to count for inventoried animals/commodities. When animals purchased for resale are sold, IRS requires the cost or other basis to be entered on Schedule F. When the cost or basis is entered on Schedule F, the cost or basis must be removed from the beginning inventory and the total beginning value of the beginning inventory recalculated prior to calculating

inventory adjustments. Subtract the amount in Item 11 from the amount in Item 18. Enter the resulting amount in item 19. If the amount is positive, add it to income to count. If a negative amount, subtract it from the income to count. Transfer the amount to the Claim for Indemnity (Item 27).

Example Beef Cow-Calf Operation
(1-4 Based on the grower's income statement)

1 Breeding Livestock Inventory as of Jan 1 (Calendar Year Tax Payer):

- A 70 cows raised on the farm
- B 30 cows (capitalized, bred heifers purchased in 2003 @ \$800 per head)
- C 2 purebred bulls (capitalized, #1 purchased in 2001 @ \$2,750, #2 purchased in 2003 @ \$3,000)

14 Cull cows (14% cull rate) will be transferred from breeding category to market category and be sold after calving during the current year.

2 Market Livestock Inventory as of January 1 (See beginning Inventory):

- A 22 Steers (Carry-Over, will be sold @ 580 lbs during the current year)
- B 25 Heifers (Carry-Over, will be sold @ 520 lbs during the current year)
- C 20 steers (Carry-Over, purchased for resale @ \$200 per head the previous year to be sold @ 550 lbs during the current year)

3 Market Calves to be produced during the current year (92% weaning rate):

- A Spring Calves
 - a 23 heifers (to be sold @ 500 lbs during the year)
 - b 23 steers (to be sold @ 550 lbs during the year)
- B Fall Calves
 - a 23 heifers (will be carried over and sold @ 520 lbs the following year)
 - b 23 steers (will be carried over and sold @ 580 lbs the following year)

4 Market Livestock Beginning Inventory (Based on Item 2)

Types of Animals or Commodities	Part 2: Beginning Inventory					
	First day of the tax year					
Type/Category	Number	Average Weight	Average Value	Total \$ Value	Cost or Basis	Net Value
4	5	6	7	8	9	10
Steers-Carry over	22	300	\$270	\$5,940	NA	\$5,940
Heifers-Carry over	25	300	\$255	\$6,375	NA	\$6,375
Steers-PR/CO	20	300	\$270	\$5,400	\$4,000	\$1,400
Cull Breeding Cows	14	900	\$450	\$6,300	NA	\$6,300
11 Total Value Less Cost or Other Basis						\$20,015

5 Animal Intended Commodity Worksheet:

Using the beginning inventory for market animals carried over from the previous year and the market animals to be produced during the current insurance year, a worksheet should be used to calculate the expected allowable income from animals and then used to calculate the amounts entered on the intended commodity report. The following example Animal Intended Commodity Worksheet has been completed using the beginning inventory and the information from Items 2 and 3 above.

Animals	NO.	Weight Lbs.	Total Weight	Value Per lb	Tot. Value	Cost/Basis	Net Value
Steers – (CO)	22	580	12,760	\$.96	\$12,250	NA	\$12,250
Heifers (CO)	25	520	13,000	\$.90	\$11,700	NA	\$11,700
Steers (PR/CO)	20	550	11,000	\$.96	\$10,560	<\$4,000>	\$6,560
Cull Cows	14	900	12,600	\$.50	\$6,300	NA	\$6,300
Spring Heifers	23	500	11,500	\$.90	\$10,350	NA	\$10,350
Spring Steers	23	550	12,650	\$.96	\$12,144	NA	\$12,144
Total:	127		73,510		\$63,304	<\$4000>	\$59,304

6 Expected Commodity Report:

Total number of market calves and culled breeding cows expected to produce allowable income is 127. Total pounds beef expected to be marketed 73,510. $73,510 \text{ lbs} / 127 \text{ cattle} = \text{average weight of } 579 \text{ lbs}$. Net value (after subtracting the cost) $59,304 / 73510 \text{ lbs of beef to be marketed} = .81$, the average price per pound. Therefore the expected commodity report should reflect:

Commodity Name/Code	No. Years Produced	Intended amount		Total Amount	Expected Value	Total Value By Commodity
		Acres Etc.	Yield			
12A	13	14A	14B	15	16	17
Cow-Calf 0800	15	127 head	579	73,533	\$.81 pound	\$59,562

7 Actual sales and dispositions (from records at time of claim).

The following information was used to complete the ending inventory. The ending inventory value minus the beginning inventory value is the animal inventory adjustment entered in Item 27 of the Claim for Indemnity

A Market Livestock Inventory

- a 22 Steers (Sold @ 590 lbs @ \$.98 per pound)
- b 25 Heifers (Sold 15 @ 540 lbs @ \$.92 per lb and kept 10 and transferred them to breeding category)
- c 14 Cull cows (Sold 10 @ 950 lbs @ \$.53 per lb, four kept and returned to breeding category)
- d 20 steers (purchased for resale sold @ 580 lbs @ \$.96 per lb)

B Calves Produced:

- a Spring Calves
 - (1) 20 heifers (Sold @ 510 lbs. @ \$.95 per lb. During the year)
 - (2) 25 steers (Sold @ 550 lbs. @ \$1.00 per lb. During the year)
- b Fall Calves
 - (1) 24 heifers (will be carried over and sold @ 500 lbs the following year)
 - (2) 21 steers (will be carried over and sold @ 550 lbs the following year)

FOR ILLUSTRATION PURPOSES ONLY

FCI-824 AGR

U.S. DEPARTMENT OF AGRICULTURE

OMB No. 0563-0053

(11-2000) Federal Crop Insurance Corporation

"MARKET" ANIMAL INVENTORY/ACCOUNTING WORKSHEET

PART 1 - PRODUCER INFORMATION

1 Name I. M. INSURED	Policy Number XXXXXXXX	2 Insurance Year YYYY	3 Agency Information I. R. AGENT XXXX
--------------------------------	----------------------------------	---------------------------------	---

TYPES OF ANIMALS OR COMMODITIES 4	PART 2: BEGINNING INVENTORY First day of the tax year						PART 3: ENDING INVENTORY Last day of the tax year					
	Number 5	Average Weight 6	Average Value 7	Total \$ Value 8	Cost or Basis 9	Net Value 10	Number 12	Average Weight 13	Average Value 14	Total \$ Value 15	Cost or Basis 16	Net Value 17
CATTLE/STEERS Carry Over	22	300 LB	\$.90	\$5,940	0	\$5,940	0					
Heifers Carry Over	25	300 LB	\$.85	\$6,375	0	\$6,375	**10	540 LB	\$.92	\$4,968	\$0	\$4968
Steers PR Carry Over	20	300 LB -	\$.90	\$5,400	* \$4000	*\$5,400 \$1400						
CULL COWS	14	900 LB	\$.50	\$6,300	0	\$6,300	***4	950 LB	\$.53	\$2,014	0	\$2,014
FALL HEIFERS							24	240 LB	\$1.00	\$5,760	\$0	\$5,760
FALL STEERS							21	300 LB	\$1.10	\$6,930	0	\$6,930
* Cost Transferred to Line 2 Schedule F												
** Did not sell transferred to breeding category												
*** Did not sell transferred back to breeding category												
						11 Total Beginning Value Less Cost or Other					18 Total Ending Value Less Cost or Other Basis:	\$19,672
						*\$24,015						\$20,015

PART 4 - INVENTORY ADJUSTMENT (to be completed ONLY if a claim is filed)

19 Adjustment:
 (Amount in Item 18 \$19,672) - (Item \$24,015) -\$4,343 Inventory Adjustment. If (+) add as income to count, if (-) subtract from income to count.

FCI-824 AGR

COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)

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Collection of the social security account number (SSN) or the employer identification number (EIN) is authorized by section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506), and is required as a condition of eligibility for participation in the Federal crop insurance program. The primary use of the SSN or EIN is to correctly identify you, and any other person with an interest in you or your entity of 10 percent or more, as a policyholder within the systems maintained by the Federal Crop Insurance Corporation (FEDERAL CROP INSURANCE CORPORATION). Furnishing the SSN or EIN is voluntary; however, failure to furnish that number will result in denial of program participation and benefits.

The balance of the information requested is necessary for the insurance company and FEDERAL CROP INSURANCE CORPORATION to process this form to: provide insurance; provide reinsurance; determine eligibility; determine the correct parties to the agreement; determine and collect premiums or other monetary amounts (including administrative fees and over payments); and pay benefits. The information furnished on this form will be used by Federal agencies, FEDERAL CROP INSURANCE CORPORATION employees, insurance companies, and contractors who require such information in the performance of their duties. The information may be furnished to: FEDERAL CROP INSURANCE CORPORATION contract agencies, employees and loss adjusters; reinsured companies; other agencies within the United States Department of Agriculture; The Department of Treasury including the Internal Revenue Service; the Department of Justice, or other Federal or State law enforcement agencies; credit reporting agencies and collection agencies; other Federal agencies as requested in computer matching programs; and in response to judicial orders in the course of litigation. The information may also be furnished to congressional representatives and senators making inquiries on your behalf. Furnishing the information required by this form is voluntary; however, failure to report the correct and complete information requested may result in rejection of this form; rejection of any claim for indemnity, replanting payment, or other benefit; ineligibility for insurance; and a unilateral determination of any monetary amounts due.

PAPERWORK REDUCTION ACT

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38 CLAIM FOR INDEMNITY COMPLETION INSTRUCTIONS

Verify or make the following entries:

Item

No. Information Required

- 1 **State - County Code:** Enter the applicable state and county or independent city and codes in which agricultural commodities will be produced that are expected to generate allowable income. [See Part 3, 20(B) for complete instructions.]
- 2 **Unit:** Five-digit unit number assigned to the whole farm.
- 3 **Farm Headquarters Phone:** Telephone number of the insured entity.
- 4 **SSN/EIN:** The social security number or the tax identification number associated with the insured entity.
- 5 **Entity Type:** The type of entity in which the policy was sold. (E.g., sole proprietor, partnership, etc.).
- 6 **Date of Damage:** The first three letters of the month during which MOST of the damage causing the loss in revenue (including progressive damage) occurred. Include the SPECIFIC DATE where applicable as in the case of hail damage (e.g. JUN 11).
- 7 **Cause of Damage:** The cause of loss that created the loss in revenue. Refer to the LAM for causes of loss and applicable codes. If it is evident that no indemnity is due, enter "NONE".

If an insured cause of loss is coded as "Other," explain in the narrative.

Refer to the AGR policy for information pertaining to uninsured causes of loss.
- 8 **Primary Cause %:** Enter the whole percent of primary cause of damage (primary cause of damage must exceed 50 percent (e.g., 51%).
- 9 **Agency Information:** The name, address, telephone number, and code number of the agent that provides insurance service to the insured.
- 10 **Name of Insured:** Name of the insured that identifies exactly the person (legal entity) to whom the policy is issued.
- 11 **Insurance Year:** The insurance year for which the claim is being completed (e.g., 2005). For a Fiscal Tax year, also enter the month and year the fiscal tax year begins and the month and year the fiscal tax year ends (e.g., 05/2005 – 04/2006).
- 12 **Claim Number:** The claim number as assigned by the Insurance Provider.
- 13 **Policy Number:** Insured's assigned policy number.
- 14 **Date(s) of Notice:** The date the notice of damage was given for the unit in item 2. Refer to section 11 of the AGR policy.

- 15 **Companion Policy(s):** If no OTHER person has a share in the whole farm unit (insured has 100 percent share of all agricultural commodities), MAKE NO ENTRY.
- In all cases where the insured has LESS than a 100 percent share of a loss-affected unit, ask the insured if the OTHER person sharing in the unit has an AGR contract (e.g., not crop-hail, fire, etc.). If the other person does not, enter "NONE."
- 16 **Coverage Level/Payment Rate:** The applicable Coverage Level and Payment Rate elected by the insured (e.g., 65/75).
- 17 **Expenses for Insurance Year:** The whole dollar amount of allowable expenses for the current insurance year taken from tax records (Schedule F after required adjustments to account for allowable expenses).
- 18 **Approved Expenses Insurance Year:** Enter the approved expenses for the insurance year. Approved expenses are calculated using the applicable calculation method (Average, Indexed, Factored up, or Factored down) according to Part 2, Section 19, Par. E.
- 19 **Expense Percentage:** The result of dividing the actual expenses for the current insurance year (item 17) by the approved expenses for the current insurance year (item 18). The percentage is rounded to the nearest three decimal places.
- 20 **Expense Reduction Percentage:** The results of subtracting the percent reduction (item 19) from 70 percent as stated in section 12(a) of the AGR policy.
- 21 **Approved AGR:** The approved AGR (in whole dollars) as shown on the Farm Report.
- 22 **Expense Reduction Dollar Amount:** The results (if applicable) of multiplying the Expense reduction percentage (item 20) by the Approved AGR (item 21).
- 23 **AGR Adjusted for Expenses:** The result of subtracting the Expense Reduction Amount (item 22) from the Approved AGR (item 21), rounded to nearest whole dollar.
- 24 **Coverage Level Percentage:** The applicable coverage level elected by the insured.
- 25 **Revenue Guarantee:** The result of multiplying the AGR, adjusted for expenses, (item 23) by the Coverage Level Percentage (item 24). Enter in whole dollars.
- 26 **Revenue to Count Insurance Year:** The actual amount of allowable income earned in the current insurance year taken from tax records (Schedule F) prior to making accrual adjustments for inventories and/or accounts receivable. Any revenue to count accessed for uninsured causes of loss must also be included in this amount.
- 27 **Inventory Adjustment (+/-):** The total dollar value of inventory adjustment(s) made for the current insurance year as shown on the Inventory and Accounts Receivable Report. When the accrual accounting method is used for tax purposes, AGR procedures for inventory adjustments must be used in lieu of IRS determinations made for lines 46-49, Part III of Schedule F.
- 28 **Accounts Receivable Adjustment (+/-):** The total dollar value of adjustment(s) made to accounts receivable for the current insurance year as shown on the Inventory and Accounts Receivable Report.

- 29 **Total Adjustment to Revenue to Count:** The results (in whole dollars) of adjusting the revenue to count for the insurance year (item 26) by adding or subtracting the inventory adjustment (item 27) and/or by adding or subtracting the accounts receivable adjustment (item 28).
- 30 **Revenue Deficiency:** The result (in whole dollars) of subtracting the Total Adjustment to Revenue to Count (item 29) from the Revenue Guarantee (item 25). If a negative amount, enter zero.
- 31 **Payment Rate Percentage:** The applicable percentage payment rate elected by the insured. (Four decimals)
- 32 **Indemnity:** The result (in whole dollars) of multiplying the adjusted Revenue Deficiency (item 30) by the Payment Rate (item 31).
- 33 **Premium Due:** Enter the dollar amount due the Insurance Provider for unpaid premium, if any.
- 34 **Balance Due Insured:** The result (in whole dollars) of subtracting item 33 from item 32.
- 35 **Narrative:**
- If more space is needed, document on a Special Report, and enter "See Special Report." Attach the Special Report to the AGR Worksheet.
- a. Explain the reason for a "No Indemnity Due" claim. "No Indemnity Due" claims are to be distributed in accordance with the Insurance Provider's instructions.
 - b. Document the calculation used in determining the indemnity.
 - c. Document subtractions from (adjustments for income that is not allowed but is reported along with allowable income) and/or additions to Revenue to Count (e.g., Insurance payments not shown on tax form, etc.).
 - d. Document any other pertinent information, including any data to support any factors used to calculate the claim for indemnity.
 - e. Document how the price was established for the inventory (e.g., sold price, Agricultural Market News Service (AME) price, etc.).
- 36 **Date Current Year Taxes Filed:** Enter the MM/DD/YYYY the insured's tax forms were sent to the IRS.
- 37 **Similar Damage:** Check yes or no. Check yes if amount and cause of damage due to insurable causes is similar to the experience of other farms in the area. If "No" is checked, explain in the narrative.
- 38 **Assignment of Indemnity:** Check Yes ONLY if an assignment of an indemnity is in effect for the tax year; otherwise check "NO."
- 39 **Adjuster's Signature, Code Number, and Date:** Signature of adjuster, code number, and date signed after the insured (or insured's authorized representative) has signed. For an absentee insured, enter adjuster's code number ONLY. The signature and date will be entered AFTER the absentee has signed and returned the AGR worksheet.

- 40 **Insured's Signature and Date:** Insured's (or insured's authorized representative's) signature and date. BEFORE obtaining insured's signature, REVIEW ALL ENTRIES on the AGR worksheet WITH THE INSURED, particularly explaining codes, etc., that may not be readily understood.

- 41 **Page Numbers:** Page numbers - (Example: Page 1 of 1, Page 1 of 2, Page 2 of 2, etc.)

FOR ILLUSTRATION PURPOSES ONLY

FCI-74 AGR
(10-98)

U.S. DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation

OMB No. 0563-0053

AGR CLAIM FOR INDEMNITY WORKSHEET

1 State Code 026	- County Code 159	2 Unit 00100	3 Farm Headquarters Phone XXX-XXX-XXXX	9 Agency Information: Name: I. R. AGENT Address: 2222 ANY ST. ANY TOWN, MI XXXXX Telephone Number: XXX-XXX-XXXX Code Number: XXXXX			10 Name of Insured I. M. INSURED	11 Insurance YYYY
4 SSN/EIN XXXXXXXXXX		5 Entity Type SOLE PROPRIETOR		12 Claim Number XXXXXXXXXX		13 Policy Number XXXXXXXXXX		
6 Date of Damage		SEP		14 Date(s) of Notice		1 st	2 nd	Final MMDYYYYY
7 Cause of Damage		EX MOIST 31		15 Companion Policy(s)				
8 Primary Cause % 100		16 Coverage Level/Payment Rate 75/75						

CALCULATION OF CLAIM FOR INDEMNITY

Expenses For Insurance Year 17	Approved Expenses Insurance Year 18	Expense Percentage (.xxx) 17 18 = 19 19	Expense Reduction Percentage (.xxx) (70% - 19) = 20 20	Approved AGR 21	Expense Reduction Dollar Amount 20 x 21 = 22 22	AGR Adjusted For Expenses 21 - 22 = 23 23	Coverage Level Percentage (.xxxx) 24	Revenue Guarantee 23 x 24 = 25 25	Revenue to Count Insurance Year 26
93,546	129,573	.722	0	144,175	0	144,175	.7500	108,131	88,500
Inventory Adjustment (+ -) 27	Accounts Receivable Adjustment (+ -) 28	Total Adjustment To Revenue To Count 26 + 27 (+ -) + 28 (+ -) = 29 29		Revenue Deficiency 25 - 29 = 30 30	Payment Rate Percentage (.xxxx) 31	Indemnity 30 x 31 = 32 32	Premium Due 33	Balance Due Insured 32 - 33 = 34 34	
-30,480	0	58,020		50,111	.7500	37,583	0	37,583	

35 Narrative: SCHEDULE F AND APPLICABLE FARM REPORTS ATTACHED TO VALIDATE INFORMATION.

93,546 | 129,573 = .722 EXP. % EXCEEDS AMOUNT FOR EXPENSE REDUCTION % 144,175 X .7500 = 108,131 REVENUE GUARANTEE; 108,131 - 88,500 - 30,480 = 58,020
108,131 - 58,020 = 50,111 REVENUE DEFICIENCY; 50,111 X .7500 = 37,583 INDEMNITY

36 Date Current Year Taxes Filled MMDYYYYY	37 Is damage similar to other farms in the area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	38 Assignment of Indemnity? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
---	---	--

The information I have furnished on this form is complete and accurate. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. ' ' 1006 and 1014; 7 U.S.C. ' 1506, 31 U.S.C. ' ' 3729 and 3730 and other federal statutes..

39 Adjuster's Signature and Code Number (Final Inspection) I. R. ADJUSTER XXXXX	Date MMDYYYYY	40 Insured's Signature (Final Inspection) I. M. INSURED	Date MMDYYYYY
--	------------------	--	------------------

COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)

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THE FOLLOWING BLANK DOCUMENTS MAY BE COPIED

FORM	PAGE
FCI-12 AGR - APPLICATION	113
AGR-821 - ANNUAL FARM REPORT	115
AGR-822 - INVENTORY AND ACCOUNTS RECEIVABLE REPORT	117
AGR-823 - AGRICULTURAL COMMODITY PROFILE	119
AGR-824 - ANIMAL INVENTORY/ACCOUNTING WORKSHEET	121
FCI-74 AGR - AGR CLAIM FOR INDEMNITY WORKSHEET	123

(RESERVED)

FCI-12 AGR
(10-98)

U.S. DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
ADJUSTED GROSS REVENUE APPLICATION
CONTINUOUS CONTRACT
(Unless otherwise specified in the Contract)

1 Name of Applicant		5 Applicant's Tele. No.	6 Applicant's Authorized Representative
2 Street or Mailing Address		7 Policy Number	8 State and Code - County and Code
3 City and State	4 ZIP Code	9 Type of Entity	10 Is Applicant at least 18 years old? <input type="checkbox"/> Yes <input type="checkbox"/> No
11 Identification Number	12 Check Applicable <input type="checkbox"/> SSN <input type="checkbox"/> EIN <input type="checkbox"/> OTHER	13 I request insurance coverage for my approved Adjusted Revenue for the insurance year specified on my Annual Farm Report. <input type="checkbox"/> Yes <input type="checkbox"/> No	

A. Subject to the provisions of the Federal Crop Insurance Act and the regulations issued under that Act, I hereby apply for Adjusted Gross Revenue insurance on my tax entity. I understand that my insurable adjusted gross revenue (as indicated in box 13 above) must be insured. I also understand that the premium rates, and applicable deadlines are on file and available for my inspection in my agent's office. I further understand that no insurance will be available for my adjusted gross revenue unless this application and required forms (Annual Farm Report and farm tax forms) are completed and filed prior to the sales closing date for the insurance year. I also further understand that, although insurance under this application is continuous from year to year, policy terms, premium rates, the insurable adjusted gross revenue may change from year to year. All changes will be available in my agent's office prior to the contract change date.

14 Insurance Year	15 Annual Farm Report and farm tax forms attached. <input type="checkbox"/> Yes <input type="checkbox"/> No	16 Coverage Level/Payment Rate
-------------------	--	--------------------------------

B. List all persons or entities with 10 percent or more interest in the applicant's farming operations. (See reverse side for additional space)

Name	Address	Phone (Include Area Code)	S=SSN/E=EIN/O=OTHER (Enter Code & Number)	Entity Type

C. **CONDITIONS OF ACCEPTANCE:** This application is accepted and insurance attaches in accordance with the policy unless: (1) The Federal Crop Insurance Corporation determines that, in accordance with the regulations, the risk is excessive; (2) any material fact is omitted, concealed or misrepresented in this application or in the submission of this application; (3) you have failed to provide complete and accurate information required by this application; (4) the answer to any of the following questions is ayes. An answer of yes to these questions does not automatically result in rejection of the application. For example, if you answer yes to question (a) but your debt was discharged in bankruptcy, the application would not be rejected.

YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	(a) Are you now indebted, and the debt is delinquent, for crop insurance under the Federal Crop Insurance Act?
<input type="checkbox"/>	<input type="checkbox"/>	(b) Have you in the last five years been convicted under federal or state law of planting, cultivating, growing, producing, harvesting, or storing a controlled
<input type="checkbox"/>	<input type="checkbox"/>	(c) Have you ever had crop insurance terminated for violation of the terms of the contract or regulations, or for failure to pay your indebtedness?
<input type="checkbox"/>	<input type="checkbox"/>	(d) Are you disqualified or debarred under the Federal Crop Insurance Act, or the regulations of the Federal Crop Insurance Corporation or the United Department of Agriculture?
<input type="checkbox"/>	<input type="checkbox"/>	(e) Have you ever entered into an agreement with the Federal Crop Insurance Corporation or with the Department of Justice that you would refrain from participating in the crop insurance program and that agreement is still effective?
<input type="checkbox"/>	<input type="checkbox"/>	(f) Do you have like insurance on any of the agricultural commodity(ies) covered under this contract?

I understand that if coverage is currently terminated or would have subsequently terminated for indebtedness had this application been filed after the termination date no coverage can be provided and I am ineligible for any benefits under the Federal Crop Insurance Act until the cause for termination is corrected.

We will notify you of rejection by depositing notification in the United States mail, postage paid, to the above address. Unless rejected or the sales closing date has passed at the time you signed this application, the insurance contract shall be in effect for the insurance year specified and shall continue for each succeeding insurance year, unless otherwise specified in the policy until canceled, terminated or voided. The insurance contract, which includes the accepted application, is defined in the regulation published at 7 CFR chapter IV. No term or condition of the contract shall be waived or changed unless such waiver or change is expressly allowed by the contract and is in writing.

17 Name of Previous Carrier (if any)	18 Policy Number under Previous Carrier (if any)
--------------------------------------	--

False Claim Statement

The information I have furnished on this form is complete and accurate. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. 1006 and 1014, 7 U.S.C. 1506, 31 U.S.C. 3729 and 3730 and other federal statutes.

I certify that the information and answers on this application are correct to my knowledge and belief; that none of the reasons for rejection in items 1 through 4 of the "Conditions of Acceptance" apply; and that I am aware of and understand the requirements of the Collection of Information and Data (Privacy Act), as well as all other provisions contained on this application.

19 Applicant's Signature	20 Date	21 Location of Farm Headquarters	Phone Number
22 Agent's Signature	23 Code Number	24 Date	25 Agent's Address Phone Number

FCI-821 AGR (12-2003)			U. S. DEPARTMENT OF AGRICULTURE Federal Crop Insurance Corporation ANNUAL FARM REPORT				1. IRS Accounting Method? Cash <input type="checkbox"/> Accrual <input type="checkbox"/>	2. Insurance Year:	
3. PRODUCER INFORMATION: Phone Number:			Type of Tax Entity: SSN <input type="checkbox"/> EIN <input type="checkbox"/>	4. AGENCY INFORMATION: Policy No.: Phone Number:			5. State(s): County(ies):	6. Will any listed commodity also be insured under another insurance policy? If yes, list the commodity and contract number(s).	
ADJUSTED GROSS REVENUE (AGR) REPORT			INTENDED COMMODITY REPORT						TOTAL VALUE BY COMMODITY
TAX YEAR 7	ALLOWABLE INCOME 8	ALLOWABLE EXPENSES 9	COMMODITY NAME/CODE 12A	NO. YEARS PRODUCED 13	INTENDED AMOUNT		TOTAL AMOUNT 15	EXPECTED VALUE 16	DOLLARS 17
					ACRES, ETC. 14A	YIELD 14B			
TOTAL	10A.	10B.							
AVERAGE	11A.	11B.	12B. TOTAL NUMBER COMMODITIES:				18. TOTAL EXPECTED INCOME:		
19A. INDEXED INCOME:		19B. APPROVED EXPENSES:		20. PRELIMINARY AGR:			21. APPROVED AGR: (Company use only)		
22 REPORT OF CHANGES:									

Have there been any changes in tax entity or changes in crops/crop mix, intended use of a crop, marketing plans, ownership, business structure, size of operation, farming practice, type of farming activity, accounting methods, or any other change that alters farm income from the average (historic) income? If yes, describe this change(s) and its expected effect on adjusted gross revenue, by applicable commodity. (Explain in Narrative and on an attachment if necessary)

Narrative:

(Continued on Reverse)

FCI-821 AGR (Reverse)

22 REPORT OF CHANGES (Continued):

[Empty box for reporting changes]

23 INTEGRATED/POST-PRODUCTION OPERATIONS; I am involved in post-production operations including other tax entities? Yes ___ No ___ If yes, explain the extent below.

[Empty box for explaining extent of operations]

I certify that the information I have furnished as reflected on this form is complete and accurate for the IRS tax entity, commodity(ies), income, expenses and year(s) shown. I understand this form may be reviewed or audited and that information inaccurately reported or failure to retain records to support information on this form, may result in a recomputation of the approved adjusted gross revenue. I also understand that failure to report completely and accurately may result in avoidance of my adjusted gross revenue insurance contract and may result in criminal or civil false claims penalties (18 U.S.C., 1006 and 1014; 7 U.S.C. 1506; 31 U.S.C. 3729 and 3730).

23 PRODUCER'S SIGNATURE	DATE	24 REPRESENTATIVE'S SIGNATURE	DATE
-------------------------	------	-------------------------------	------

Page _____ of _____

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3 FCI-822 AGR (7-98)	U. S. DEPARTMENT OF AGRICULTURE Federal Crop Insurance Corporation INVENTORY AND ACCOUNTS RECEIVABLE REPORT	1 IRS accounting method? Cash Accrual	2 Insurance Year
3 PRODUCER INFORMATION Type of Tax Entity:	4 AGENCY INFORMATION Phone Number: Agent Code:	5 State(s): County(ies)	
Phone Number: SSN <input type="text"/> EIN <input type="text"/>			

PART I - INVENTORIES								
COMMODITY (Name) 6	YEAR 7	LOCATIONS 8	BEGINNING INVENTORY (Tons, No., Bu., Lbs., etc.) 9	ENDING INVENTORY (Tons, No., Bu., Lbs., etc.) 10	DISPOSED OF (Col. 9 - 10) 11A	CODE 11B	VALUE (Dollars) 12	DOLLAR AMOUNT (Col. 10 x 12 or 11A x 12) 13
					14 TOTAL INVENTORY ADJUSTMENTS (+/-) TO CLAIM			

FCI-822 AGR (Reverse)

PART II - ACCOUNTS RECEIVABLE				
COMMODITY (Name) 15	NAME AND ADDRESS OF BUYER 16	BEGINNING AMOUNT (Dollars) 17	ENDING AMOUNT (Dollars) 18	BALANCE (Col. 18 - 17 (+/-)) 19
20 TOTAL ACCOUNTS RECEIVABLE ADJUSTMENTS (+/-) TO CLAIM (DOLLARS)				

I certify that the information I have furnished as reflected on this form is complete and accurate for the commodity(ies). I understand this form may be reviewed or audited and that information inaccurately reported or failure to retain records to support information on this form, may result in income from all inventories and accounts receivable being considered income to count for the current insurance year. I also understand that failure to report completely and accurately may result in avoidance of my adjusted gross revenue insurance contract and may result in criminal or civil false claims penalties (18 U.S.C., 1006 and 1014; 7 U.S.C. 1506; 31 U.S.C. 3729 and 3730).

21 PRODUCER ' S SIGNATURE	DATE	22 REPRESENTATIVE ' S SIGNATURE	DATE
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COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)

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PAPERWORK REDUCTION ACT

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FCI-823 AGR (Reverse)

PART II - AGRICULTURAL COMMODITY PROFILE

6 CROP OR COMMODITY	7 TAX YEAR				8 TAX YEAR				9 TAX YEAR				10 TAX YEAR				11 TAX YEAR				
	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	Acres	Market	%	Irr. Prac.	

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FCI-824 AGR

(11-2000)

U.S. DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

OMB No. 0563-0053

ANIMAL INVENTORY/ACCOUNTING WORKSHEET

PART 1 - PRODUCER INFORMATION

1 Name	Policy Number	2 Insurance Year	3 Agency Information
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TYPES OF ANIMALS OR COMMODITIES	PART 2: BEGINNING INVENTORY First day of the tax year						PART 3: ENDING INVENTORY Last day of the tax year					
	Number 5	Average Weight 6	Average Value 7	Total \$ Value 8	Cost or Basis 9	Net Value 10	Number 12	Average Weight 13	Average Value 14	Total \$ Value 15	Cost or Basis 16	Net Value 17
11 Total Beginning Value Less Cost or Other Basis:							18 Total Ending Value Less Cost or Other Basis:					

PART 4 - INVENTORY ADJUSTMENT (to be completed ONLY if a claim is filed)

19 Adjustment:
 (Amount in Item 18 _____) - (Item 11 _____) = _____ Inventory Adjustment. If (+) add as income to count, if (-) subtract from income to count.

FCI-824 AGR (Reverse)

COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)

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FOR ILLUSTRATION PURPOSES ONLY

FCI-74 AGR
(10-98)

U.S. DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation

OMB No. 0563-0053

AGR CLAIM FOR INDEMNITY WORKSHEET

1 State Code	- County Code	2 Unit	3 Farm Headquarters Phone	9 Agency Information: Name: Address: Telephone Number: Code Number:		10 Name of Insured			11 Insurance Year
4 SSN/EIN		5 Entity Type				12 Claim Number		13 Policy Number	
6 Date of Damage						14 Date(s) of Notice		1 st	2 nd Final
7 Cause of Damage						15 Companion Policy(s)			
8 Primary Cause %									
16 Coverage Level/Payment Rate									

CALCULATION OF CLAIM FOR INDEMNITY

Expenses For Insurance Year 17	Approved Expenses Insurance Year 18	Expense Percentage (.xxx) 17 18 = 19 19	Expense Reduction Percentage (.xxx) (70% - 19) = 20 20	Approved AGR 21	Expense Reduction Dollar Amount 20 x 21 = 22 22	AGR Adjusted For Expenses 21 - 22 = 23 23	Coverage Level Percentage (.xxxx) 24	Revenue Guarantee 23 x 24 = 25 25	Revenue to Count Insurance Year 26
Inventory Adjustment (+ -) 27	Accounts Receivable Adjustment (+ -) 28	Total Adjustment To Revenue To Count 26 + 27 (+ -) + 28 (+ -) = 29 29		Revenue Deficiency 25 - 29 = 30 30	Payment Rate Percentage (.xxxx) 31	Indemnity 30 x 31 = 32 32	Premium Due 33	Balance Due Insured 32 - 33 = 34 34	

35 Narrative:

36 Date Current Year Taxes Filled	37 Is damage similar to other farms in the area? <input type="checkbox"/> Yes <input type="checkbox"/> No	38 Assignment of Indemnity? <input type="checkbox"/> Yes <input type="checkbox"/> No
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The information I have furnished on this form is complete and accurate. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. ' ' 1006 and 1014; 7 U.S.C. ' 1506, 31 U.S.C. ' ' 3729 and 3730 and other federal statutes.

39 Adjuster ' s Signature and Code Number (Final Inspection)	Date	40 Insured ' s Signature (Final Inspection)	Date
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FCI-74 AGR (Reverse)

COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)

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**AGRICULTURAL COMMODITY CODES
BY AREA**

STATE	AREA	PAGE
California	California (Fresno, Kern, Tulare)	126
	California (Riverside)	127
	California (San Diego)	128
	California (San Joaquin)	129
	California (San Luis Obispo, Ventura)	130
Connecticut	New England (2000)	134
Delaware	Delaware	131
Florida	Florida	132
Idaho	Treasure Valley	143
Maine	New England (Original)	133
	New England (2000)	134
Maryland	Maryland	135
Massachusetts	New England (Original)	133
Michigan	Michigan (New)	136
	Michigan (Original)	137
New Hampshire	New England (Original)	133
	New England (2000)	134
New Jersey	New Jersey (Northern)	138
	New Jersey (Southern)	139
New York	New York (Orange, Ulster)	140
	New York (Suffolk)	141
	New York (West)	142
Oregon	Treasure Valley	143
	Willamette Valley	144
Pennsylvania	Pennsylvania (Eastern)	145
	Pennsylvania (Western)	146
Rhode Island	New England (2000)	134
Vermont	New England (2000)	134
Virginia	Virginia	147
Washington	Washington (Central)	148

The commodity list is a convenience. The official commodity list is in the Actuarial Document Master in the Premium Calculator. A "Y" in the MPCI Policy column indicates that MPCI insurance is available somewhere in the nation; however, insurance may not be available in a particular county.

California

Fresno, Kern, and Tulare

AGR Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Limes	0663	N	Y
Alfalfa Seed	0107	N	P	Mandarins	0205	N	Y
Almonds	0028	N	Y	Maple Sap	0645	N	N
Apples	0054	N	Y	Melons (All Other)	0101	N	N
Apricots	0098	N	Y	Mink	0824	Y	N
Apriums	0963	N	N	Navel Oranges	0215	N	Y
Asian Pears	0303	N	N	Nectarines	0102	N	Y
Asian Vegetables	0870	N	N	Nursery (FG & C)	0073	N	Y
Asparagus	0607	N	N	Oats (Irrigated)	0914	N	Y
Avocados	0019	N	P	Oats (Non-irrigated)	0915	N	Y
Barley (Irrigated)	0856	N	Y	Okra	0629	N	N
Barley (Non-irrigated)	0857	N	Y	Olives	0985	N	N
Bees (animals)	0843	Y	N	Onions	0013	N	Y
Beets	0616	N	N	Other Crops	0609	N	N
Bell Peppers	0104	N	Y	Other Fruits	0608	N	N
Berries (Other)	0601	N	N	Other Live Animals	0823	Y	N
Blackberries	0302	N	P	Other Vegetables	0646	N	N
Blueberries	0012	N	Y	Pears	0089	N	Y
Broccoli	0620	N	N	Pecans	0020	N	Y
Broilers	0962	Y	N	Peppers (Other)	0627	N	P
Cabbage	0072	N	P	Persimmons	0987	N	N
Cantaloupe	0612	N	N	Pistachios	0988	N	N
Carrots	0624	N	N	Plums	0092	N	Y
Cattle: Cow-calf	0800	Y	N	Pluots	0989	N	N
Cattle: Feedlot	0802	Y	N	Pomegranates	0990	N	N
Cattle: Stocker/Feeder	0801	Y	N	Potatoes	0084	N	Y
Cauliflower	0621	N	N	Poultry	0821	Y	N
Chestnuts	0681	N	N	Processing Cling Peaches	0221	N	Y
Chile Peppers	0045	N	P	Processing Freestone Peaches	0222	N	Y
Christmas Trees	0635	N	N	Prunes	0036	N	Y
Collard Greens	0622	N	N	Pumpkins	0605	N	P
Corn	0041	N	Y	Quince	0991	N	N
Cotton	0021	N	Y	Radishes	0625	N	N
Cucumbers	0603	N	N	Raisins	0037	N	Y
Cut Flowers	0683	N	N	Raspberries	0679	N	P
Dairy	0847	Y	N	Rice	0018	N	Y
Dry Beans	0047	N	Y	Safflower	0049	N	Y
Eggplant	0613	N	N	Seed (Other)	0626	N	N
Eggs	0841	Y	N	Sheep and Lambs	0816	Y	N
Figs	0060	N	N	Sheep: Ewe/Lamb	0806	Y	N
Fish/Aquaculture	0820	Y	N	Sheep: Feedlot	0808	Y	N
Flowers (Other)	0615	N	N	Sheep: Stocker/Feeder	0807	Y	N
Fresh Freestone Peaches	0223	N	Y	Snap Peas	0938	N	Y
Fresh Market Beans	0105	N	P	Soybeans	0081	N	Y
Furs	0842	Y	N	Spinach	0623	N	N
Game Birds	0304	Y	N	Squash (Other)	0669	N	N
Garlic	0301	N	N	Strawberries	0110	N	P
Goats	0809	Y	N	Sudan Sorghum Grass	0941	N	N
Gourds	0652	N	N	Sugar Beets	0039	N	Y
Grain Sorghum	0051	N	Y	Sweet Cherries	0099	N	P
Grapefruit	0201	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Grapes	0053	N	Y	Sweet Potatoes	0085	N	P
Greenhouse	0600	N	N	Table Grapes	0052	N	Y
Greens (Other)	0631	N	N	Tangelos	0203	N	Y
Hay (Other)	0611	N	N	Tomatillas	0995	N	N
Herbs	0639	N	N	Tomatoes (Fresh Market)	0086	N	Y
Hogs: Farrow	0803	Y	N	Tomatoes (Processing)	0087	N	Y
Hogs: Farrow/Finish	0804	Y	N	Valencia Oranges	0217	N	Y
Hogs: Finish	0805	Y	N	Walnuts	0029	N	Y
Honeydew	0642	N	N	Watermelons	0040	N	N
Kale	0614	N	N	Wheat (Irrigated)	0948	N	Y
Kiwi	0978	N	N	Wheat (Non-irrigated)	0949	N	Y
Kumquats	0978	N	N	Zucchini Squash	0640	N	N
Lemons	0202	N	Y				
Lettuce	0604	N	N				

California
Riverside

AGR Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Honeydew (Spring)	0975	N	N
Apples	0054	N	Y	Jojoba	0976	N	N
Apricots	0098	N	Y	Jujubee	0977	N	N
Artichokes	0855	N	N	Kohlrabi	0636	N	N
Asian Vegetables	0870	N	N	Kumquats	0979	N	N
Avocados	0019	N	P	Lemons	0202	N	Y
Barley (Irrigated)	0856	N	Y	Lettuce	0604	N	N
Barley (Non-irrigated)	0857	N	Y	Limes	0663	N	Y
Bees (animals)	0843	Y	N	Loquats	0982	N	N
Bell Peppers	0104	N	Y	Luffa	0983	N	N
Berries (Other)	0601	N	N	Mandarins	0205	N	Y
Broccoli	0620	N	N	Mango	0984	N	N
Broilers	0962	Y	N	Maple Sap	0645	N	N
Cabbage	0072	N	P	Melons (All Other)	0101	N	N
Cantaloupe (Fall)	0966	N	N	Mink	0824	Y	N
Cantaloupe (Spring)	0967	N	N	Minneola Tangelos	0206	N	Y
Carrots	0624	N	N	Napa Cabbage	0910	N	N
Cattle: Cow-calf	0800	Y	N	Navel Oranges	0215	N	Y
Cattle: Feedlot	0802	Y	N	Nectarines	0102	N	Y
Cattle: Stocker/Feeder	0801	Y	N	Nursery (FG & C)	0073	N	Y
Cauliflower	0621	N	N	Oats (Irrigated)	0914	N	Y
Celery	0658	N	N	Oats (Non-irrigated)	0915	N	Y
Chile Peppers	0045	N	P	Okra	0626	N	N
Chinese Cabbage	0682	N	N	Olives	0985	N	N
Christmas Trees	0635	N	N	Onion Seed	0671	N	N
Cilantro	0871	N	N	Onions	0013	N	Y
Corn	0041	N	Y	Other Crops	0609	N	N
Corn (Silage)	0876	N	Y	Other Fruits	0608	N	N
Cotton	0021	N	Y	Other Live Animals	0823	Y	N
Cucumbers	0603	N	N	Other Vegetables	0646	N	N
Cut Flowers	0683	N	N	Peppers (Other)	0627	N	P
Dairy	0847	Y	N	Persimmons	0987	N	N
Dates	0969	N	N	Potatoes	0084	N	Y
Dikon	0971	N	N	Poultry	0821	Y	N
Eggplant	0613	N	N	Processing Freestone Peaches	0222	N	Y
Eggs	0841	Y	N	Pumpkins	0605	N	P
Endive	0883	N	N	Seed (Other)	0626	N	N
Escarole	0649	N	N	Sheep and Lambs	0816	Y	N
Fish/Aquaculture	0820	Y	N	Sheep: Ewe/Lamb	0806	Y	N
Flowers (Other)	0615	N	N	Sheep: Feedlot	0808	Y	N
Fresh Freestone Peaches	0223	N	Y	Sheep: Stocker/Feeder	0807	Y	N
Fresh Market Beans	0105	N	P	Spinach	0623	N	N
Furs	0842	Y	N	Squash (Other)	0669	N	N
Game Birds	0304	Y	N	Strawberries	0110	N	P
Garlic	0301	N	N	Sudan Sorghum Grass	0941	N	N
Goats	0809	Y	N	Summer Squash (Fresh Market)	0943	N	N
Gourds	0652	N	N	Sweet Cherries	0099	N	P
Grapefruit	0201	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Grapes	0053	N	Y	Table Grapes	0052	N	Y
Grass Hay (Irrigated)	0895	N	N	Tangelos	0203	N	Y
Grass Seed	0660	N	N	Tangerines	0664	N	Y
Greenhouse	0600	N	N	Tomatoes (Fresh Market)	0086	N	Y
Greens (Other)	0631	N	N	Valencia Oranges	0217	N	Y
Hay (Other)	0611	N	N	Watermelons	0040	N	N
Herbs	0639	N	N	Wheat (Irrigated)	0948	N	Y
Hogs: Farrow	0803	Y	N	Wheat (Non-irrigated)	0949	N	Y
Hogs: Farrow/Finish	0804	Y	N	Winter Squash	0065	N	P
Hogs: Finish	0805	Y	N				
Honeydew (Fall)	0974	N	N				

California

San Diego

AGR Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Apples	0054	N	Y	Litchi	0980	N	N
Asian Vegetables	0870	N	N	Longans	0981	N	N
Avocados	0607	N	N	Macadamia Nuts	0023	N	Y
Barley	0091	N	Y	Mandarins	0205	N	Y
Bees (animals)	0843	Y	N	Mango	0984	N	N
Bell Peppers	0104	N	Y	Maple Sap	0645	N	N
Berries (Other)	0601	N	N	Melons (All Other)	0101	N	N
Blackberries	0302	N	P	Mink	0824	Y	N
Blueberries	0012	N	Y	Nursery (FG & C)	0073	N	Y
Broilers	0962	Y	N	Oats	0016	N	Y
Cabbage	0072	N	P	Onions	0013	N	Y
Cattle: Cow-calf	0800	Y	N	Other Crops	0609	N	N
Cattle: Feedlot	0802	Y	N	Other Fruits	0608	N	N
Cattle: Stocker/Feeder	0801	Y	N	Other Live Animals	0823	Y	N
Cauliflower	0621	N	N	Other Vegetables	0646	N	N
Cherimoya	0968	N	N	Parsley	0641	N	N
Chile Peppers	0045	N	P	Passion Fruit	0986	N	N
Christmas Trees	0635	N	N	Pears	0089	N	Y
Cucumbers	0603	N	N	Peppers (Other)	0627	N	P
Cut Flowers	0683	N	N	Persimmons	0987	N	N
Dairy	0847	Y	N	Pomegranates	0990	N	N
Eggs	0841	Y	N	Potatoes	0084	N	Y
Fish/Aquaculture	0820	Y	N	Poultry	0821	Y	N
Flowers (Other)	0615	N	N	Pumpkins	0605	N	P
Fresh Market Beans	0105	N	P	Radishes	0625	N	N
Furs	0842	Y	N	Sapote (White)	0992	N	N
Game Birds	0304	Y	N	Seed (Other)	0626	N	N
Goats	0809	Y	N	Sheep and Lambs	0816	Y	N
Grapefruit	0201	N	Y	Sheep: Ewe/Lamb	0806	Y	N
Grapes (Wine)	0893	N	Y	Sheep: Feedlot	0808	Y	N
Greenhouse	0600	N	N	Sheep: Stocker/Feeder	0807	Y	N
Greens	0898	N	N	Squash (Other)	0669	N	N
Greens (Other)	0631	N	N	Strawberries	0110	N	P
Guava	0973	N	N	Subtropical Fruits (Other)	0993	N	N
Hay (Other)	0611	N	N	Sweet Corn (Fresh Market)	0044	N	Y
Hogs: Farrow	0803	Y	N	Sweet Potatoes	0085	N	P
Hogs: Farrow/Finish	0804	Y	N	Tangelos	0203	N	Y
Hogs: Finish	0805	Y	N	Tangerines	0664	N	Y
Kiwi	0978	N	N	Tomatoes (Fresh Market)	0086	N	Y
Kumquats	0979	N	N	Turnips	0619	N	N
Leeks	0638	N	N	Wheat	0011	N	Y
Lemons	0202	N	Y				
Lima Beans	0906	N	Y				

California

San Joaquin

AGR Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Melons (All Other)	0101	N	N
Almonds	0028	N	Y	Mink	0824	Y	N
Apples	0054	N	Y	Nursery (FG & C)	0073	N	Y
Asian Vegetables	0870	N	N	Oats (Irrigated)	0914	N	Y
Asparagus	0607	N	N	Oats (Non-irrigated)	0915	N	Y
Barley (Irrigated)	0856	N	Y	Onions	0013	N	Y
Barley (Non-irrigated)	0857	N	Y	Other Crops	0609	N	N
Bees (animals)	0843	Y	N	Other Fruits	0608	N	N
Bell Peppers	0104	N	Y	Other Live Animals	0823	Y	N
Berries (Other)	0601	N	N	Other Vegetables	0646	N	N
Broilers	0962	Y	N	Pears	0089	N	Y
Cabbage	0072	N	P	Peppers (Other)	0627	N	P
Cattle: Cow-calf	0800	Y	N	Potatoes	0084	N	Y
Cattle: Feedlot	0802	Y	N	Poultry	0821	Y	N
Cattle: Stocker/Feeder	0801	Y	N	Processing Apricots	0219	N	Y
Chestnuts	0681	N	N	Processing Cling Peaches	0221	N	Y
Clover Seed	0655	N	N	Processing Freestone Peaches	0222	N	Y
Corn	0041	N	Y	Pumpkins	0605	N	P
Corn (Silage)	0876	N	Y	Rice	0018	N	Y
Cucumbers	0603	N	N	Safflower	0049	N	Y
Cut Flowers	0683	N	N	Seed (Other)	0626	N	N
Dairy	0847	Y	N	Sheep and Lambs	0816	Y	N
Dry Bean Seed	0881	N	N	Sheep: Ewe/Lamb	0806	Y	N
Dry Beans	0047	N	Y	Sheep: Feedlot	0808	Y	N
Eggs	0841	Y	N	Sheep: Stocker/Feeder	0807	Y	N
Fish/Aquaculture	0820	Y	N	Squash (Other)	0669	N	N
Flowers (Other)	0615	N	N	Squash Summer	0014	N	N
Fresh Apricots	0218	N	Y	Strawberries	0110	N	P
Fresh Freestone Peaches	0223	N	Y	Sunflowers	0078	N	Y
Fresh Nectarines	0220	N	Y	Sweet Cherries	0099	N	P
Furs	0842	Y	N	Sweet Corn (Fresh Market)	0044	N	Y
Game Birds	0304	Y	N	Table Grapes	0052	N	Y
Goats	0809	Y	N	Tart Cherries	0100	N	N
Grapes (Wine)	0893	N	Y	Tomatoes (Fresh Market)	0086	N	Y
Greenhouse	0600	N	N	Tomatoes (Processing)	0087	N	Y
Greens (Other)	0631	N	N	Turf	0690	N	N
Hay (Other)	0611	N	N	Walnuts	0029	N	Y
Herbs	0639	N	N	Watermelons	0040	N	N
Hogs: Farrow	0803	Y	N	Wheat (Irrigated)	0948	N	Y
Hogs: Farrow/Finish	0804	Y	N	Wheat (Non-irrigated)	0949	N	Y
Hogs: Finish	0805	Y	N	Winter Squash	0065	N	P
Lettuce	0604	N	N				
Maple Sap	0645	N	N				

California

San Luis Obispo, and Ventura

AGR Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Leeks	0638	N	N
Almonds	0028	N	Y	Lemons	0202	N	Y
Apples	0054	N	Y	Lettuce	0604	N	N
Apricots	0098	N	Y	Maple Sap	0645	N	N
Artichokes	0855	N	N	Melons (All Other)	0101	N	N
Asian Vegetables	0870	N	N	Mink	0824	Y	N
Avocados	0019	N	P	Mushrooms	0654	N	N
Barley	0091	N	Y	Navel Oranges	0215	N	Y
Bees (animals)	0843	Y	N	Nectarines	0102	N	Y
Beets	0616	N	N	Nursery (FG & C)	0073	N	Y
Bell Peppers	0104	N	Y	Oats	0016	N	Y
Berries (Other)	0601	N	N	Olives	0985	N	N
Blueberries	0012	N	Y	Onions	0013	N	Y
Broccoli	0620	N	N	Other Crops	0609	N	N
Broilers	0962	Y	N	Other Fruits	0608	N	N
Cabbage	0072	N	P	Other Live Animals	0823	Y	N
Carrots	0624	N	N	Other Vegetables	0646	N	N
Cattle: Cow-calf	0800	Y	N	Parsley	0641	N	N
Cattle: Feedlot	0802	Y	N	Peaches	0034	N	Y
Cattle: Stocker/Feeder	0801	Y	N	Pears	0089	N	Y
Cauliflower	0621	N	N	Peppers (Other)	0627	N	P
Celery	0658	N	N	Pistachios	0988	N	N
Chile Peppers	0045	N	P	Potatoes	0084	N	Y
Cilantro	0871	N	N	Poultry	0821	Y	N
Cucumbers	0603	N	N	Pumpkins	0605	N	P
Cut Flowers	0683	N	N	Radishes	0625	N	N
Dairy	0847	Y	N	Raspberries	0679	N	P
Dry Beans	0047	N	Y	Safflower	0049	N	Y
Eggplant	0613	N	N	Seed (Other)	0626	N	N
Eggs	0841	Y	N	Sheep and Lambs	0816	Y	N
Endive	0883	N	N	Sheep: Ewe/Lamb	0806	Y	N
Escarole	0649	N	N	Sheep: Feedlot	0808	Y	N
Fish/Aquaculture	0820	Y	N	Sheep: Stocker/Feeder	0807	Y	N
Flower Seed	0602	N	N	Spinach	0623	N	N
Flowers (Other)	0615	N	N	Squash (Other)	0669	N	N
Forage Production	0033	N	Y	Squash Summer	0014	N	N
Fresh Market Beans	0105	N	P	Strawberries	0110	N	P
Furs	0842	Y	N	Sudan Sorghum Grass	0941	N	N
Game Birds	0304	Y	N	Sugar Peas	0994	N	N
Garlic	0301	N	N	Sweet Cherries	0099	N	P
Goats	0809	Y	N	Sweet Corn (Fresh Market)	0044	N	Y
Grapefruit	0201	N	Y	Table Grapes	0052	N	Y
Grapes	0053	N	Y	Tomatoes (Fresh Market)	0086	N	Y
Greenhouse	0600	N	N	Turnips	0619	N	N
Greens (Other)	0631	N	N	Valencia Oranges	0217	N	Y
Hay (Other)	0611	N	N	Vegetable Seed	0667	N	N
Herbs	0639	N	N	Walnuts	0029	N	Y
Hogs: Farrow	0803	Y	N	Wheat	0011	N	Y
Hogs: Farrow/Finish	0804	Y	N	Winter Squash	0065	N	P
Hogs: Finish	0805	Y	N				
Kale	0614	N	N				
Kohlrabi	0636	N	N				

Delaware

All Counties

AGR Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Mink	0824	Y	N
Apples	0054	N	Y	Mixed Hay	0670	N	Y
Asparagus	0607	N	N	Nectarines	0102	N	Y
Barley	0091	N	Y	Nursery (FG & C)	0073	N	Y
Bees (Animals)	0843	Y	N	Oats	0016	N	Y
Bell Peppers	0104	N	Y	Other Crops	0609	N	N
Berries (Other)	0601	N	N	Other Fruits	0608	N	N
Blueberries	0012	N	Y	Other Live Animals	0823	Y	N
Broccoli	0620	N	N	Other Vegetables	0646	N	N
Broilers	0962	Y	N	Peaches	0034	N	Y
Cabbage	0072	N	P	Pears	0089	N	Y
Cantaloupe	0612	N	N	Peppers (Other)	0627	N	P
Carrots	0624	N	N	Potatoes	0084	N	Y
Cattle: Cow-calf	0800	Y	N	Poultry	0821	Y	N
Cattle: Feedlot	0802	Y	N	Processing Beans	0046	N	Y
Cattle: Stocker/Feeder	0801	Y	N	Pumpkins	0605	N	P
Christmas Trees	0635	N	N	Rye	0094	N	Y
Clover	0668	N	Y	Sheep and Lambs	0816	Y	N
Corn	0041	N	Y	Sheep: Ewe/Lamb	0806	Y	N
Cucumbers	0603	N	N	Sheep: Feedlot	0808	Y	N
Dairy	0847	Y	N	Sheep: Stocker/Feeder	0807	Y	N
Eggs	0841	Y	N	Soybeans	0081	N	Y
Fish/Aquaculture	0820	Y	N	Spinach	0623	N	N
Fresh Market Beans	0105	N	P	Squash (Other)	0669	N	N
Furs	0842	Y	N	Strawberries	0110	N	P
Game Birds	0304	Y	N	Summer Squash (Fresh Market)	0943	N	N
Goats	0809	Y	N	Summer Squash (Processing)	0944	N	N
Grain Sorghum	0051	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Green Peas	0064	N	Y	Sweet Potatoes	0085	N	P
Greenhouse	0600	N	N	Tomatoes (Fresh Market)	0086	N	Y
Greens (Other)	0631	N	N	Tomatoes (Processing)	0087	N	Y
Hay (Other)	0611	N	N	Turf	0690	N	N
Hogs: Farrow	0803	Y	N	Watermelons	0040	N	N
Hogs: Farrow/Finish	0804	Y	N	Winter Squash	0065	N	P
Hogs: Finish	0805	Y	N	Zucchini Squash (Fresh Market)	0953	N	N
Lima Beans	0906	N	Y	Zucchini Squash (Processing)	0954	N	N
Melons (All Other)	0101	N	N				
Mini Pumpkins	0617	N	N				

Florida

Counties:

Alachua, Gilchrist, Levy, Marion, Sumter, Suwannee

AGR Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Kale	0614	N	N
Alfalfa Seed	0107	N	P	Kohlrabi	0636	N	N
Apples	0054	N	Y	Leeks	0638	N	N
Aquatic Plants	0656	N	N	Lemons	0202	N	Y
Barley	0091	N	Y	Lettuce	0604	N	N
Bedding Plants	0630	N	N	Limes	0663	N	N
Bees (Animals)	0843	Y	N	Melons (All Other)	0101	N	N
Bell Peppers	0104	N	Y	Millet	0017	N	N
Berries (Other)	0601	N	N	Mini Pumpkins	0617	N	N
Blueberries	0012	N	Y	Mixed Hay	0670	N	Y
Broccoli	0620	N	N	Mushrooms	0654	N	N
Brussel Sprouts	0657	N	N	Mustard	0069	N	Y
Cabbage	0072	N	P	Nursery (FG & C)	0073	N	Y
Canola	0015	N	Y	Oats	0016	N	Y
Cantaloupe	0612	N	N	Okra	0629	N	N
Carrots	0624	N	N	Onions	0013	N	Y
Cattle: Cow-calf	0800	Y	N	Oranges	0227	N	Y
Cattle: Feedlot	0802	Y	N	Other Crops	0609	N	N
Cattle: Stocker/Feeder	0801	Y	N	Other Fruits	0608	N	N
Cauliflower	0621	N	N	Other Live Animals	0823	Y	N
Celery	0658	N	N	Other Vegetables	0646	N	N
Chile Peppers	0045	N	P	Parsley	0641	N	N
Christmas Trees	0635	N	N	Peaches	0034	N	Y
Citrus	0026	N	Y	Peanuts	0075	N	Y
Clover	0668	N	Y	Pears	0089	N	Y
Clover Seed	0655	N	N	Pecans	0020	N	Y
Collard Greens	0622	N	N	Peppers (Other)	0627	N	P
Corn	0041	N	Y	Popcorn	0043	N	Y
Cotton	0021	N	Y	Potatoes	0084	N	Y
Cucumbers	0603	N	N	Poultry	0821	Y	N
Dairy	0847	Y	N	Pumpkins	0605	N	P
Eggplant	0613	N	N	Radishes	0625	N	N
Eggs	0841	Y	N	Rapeseed	0647	N	Y
Escarole	0649	N	N	Reptiles	0822	Y	N
Fish/Aquaculture	0820	Y	N	Rye	0094	N	Y
Flower Seed	0602	N	N	Safflower	0049	N	Y
Flowers (Other)	0615	N	N	Scallions	0637	N	N
Forage Production	0033	N	Y	Seed (Other)	0626	N	N
Fresh Market Beans	0105	N	P	Sheep: Ewe/Lamb	0806	Y	N
Furs	0842	Y	N	Sheep: Feedlot	0808	Y	N
Goats	0809	Y	N	Sheep: Stocker/Feeder	0807	Y	N
Gourds	0652	N	N	Soybeans	0081	N	Y
Grain Sorghum	0051	N	Y	Spinach	0623	N	N
Grapefruit	0201	N	Y	Squash (Other)	0669	N	N
Grapes	0053	N	Y	Squash, Summer	0014	N	N
Grass Seed	0660	N	N	Strawberries	0110	N	P
Green Peas	0064	N	Y	Sunflowers	0078	N	Y
Greenhouse	0600	N	N	Sweet Corn (Processing)	0042	N	Y
Greens (Other)	0631	N	N	Sweet Potatoes	0085	N	P
Hay (Other)	0611	N	N	Tangelos	0203	N	Y
Herbs	0639	N	N	Tangerines	0664	N	Y
Hogs: Farrow	0803	Y	N	Tomatoes (Processing)	0087	N	Y
Hogs: Farrow/Finish	0804	Y	N	Turnip Greens	0632	N	N
Hogs: Finish	0805	Y	N	Turnips	0619	N	N
Honeydew	0642	N	N	Watermelons	0040	N	N
Horseradish	0661	N	N	Wheat	0011	N	Y
Hot Peppers	0610	N	N	Winter Squash	0065	N	P
Hybrid Corn Seed	0062	N	Y	Zucchini Squash	0640	N	N
Hybrid Sorghum Seed	0050	N	Y				
Indian Corn	0651	N	N				
Jalapeno Peppers	0662	N	P				

New England (Original)

Maine Counties: Androscoggin, Cumberland, Kennebec, York							
Massachusetts: All Counties							
New Hampshire Counties: Belknap, Cheshire, Hillsboro, Merrimack Rockingham, Strafford, Sullivan							
AGR Agriculture Commodities							
Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Hybrid Sorghum Seed	0050	N	Y
Alfalfa Seed	0107	N	P	Indian Corn	0651	N	N
Apples (Fresh Market)	0853	N	Y	Jalapeno Peppers	0662	N	P
Apples (Processing)	0854	N	Y	Kale	0614	N	N
Apricots	0098	N	Y	Kohlrabi	0636	N	N
Aquatic Plants	0656	N	N	Leeks	0638	N	N
Asparagus	0607	N	N	Lettuce	0604	N	N
Barley	0091	N	Y	Maple Sap	0645	N	N
Bedding Plants	0630	N	N	Melons (All Other)	0101	N	N
Bees (Animals)	0843	Y	N	Millet	0017	N	N
Beets	0616	N	N	Mini Pumpkins	0617	N	N
Bell Peppers	0104	N	Y	Mixed Hay	0670	N	Y
Berries (Other)	0601	N	N	Mushrooms	0654	N	N
Blueberries	0012	N	Y	Mustard	0069	N	Y
Broccoli	0620	N	N	Nectarines	0102	N	Y
Brussel Sprouts	0657	N	N	Nursery (FG & C)	0073	N	Y
Cabbage	0072	N	P	Oats	0016	N	Y
Canola	0015	N	Y	Onions	0013	N	Y
Cantaloupe	0612	N	N	Other Crops	0609	N	N
Carambola Fruit	0103	N	N	Other Fruits	0608	N	N
Carrots	0624	N	N	Other Live Animals	0823	Y	N
Cattle (Cow-calf)	0800	Y	N	Other Vegetables	0646	N	N
Cattle (Feedlot)	0802	Y	N	Parsley	0641	N	N
Cattle (Stocker/Feeder)	0801	Y	N	Parsnips	0643	N	N
Cauliflower	0621	N	N	Peaches	0034	N	Y
Celery	0658	N	N	Pears	0089	N	Y
Chile Peppers	0045	N	P	Peppers (Other)	0627	N	P
Chinese Cabbage	0682	N	N	Plums	0092	N	Y
Christmas Trees	0635	N	N	Popcorn	0043	N	Y
Cigar Wrapper Tobacco	0236	N	Y	Potatoes	0084	N	Y
Clover	0668	N	Y	Poultry	0821	Y	N
Clover Seed	0655	N	N	Processing Beans	0046	N	Y
Collard Greens	0622	N	N	Pumpkins	0605	N	P
Corn	0041	N	Y	Radishes	0625	N	N
Crambe	0068	N	N	Raspberries	0679	N	P
Cranberries	0058	N	Y	Rhubarb	0650	N	N
Cucumbers	0603	N	N	Rye	0094	N	Y
Cut Flowers	0683	N	N	Safflower	0049	N	Y
Dairy	0847	Y	N	Scallions	0637	N	N
Dry Beans	0047	N	Y	Seed (Other)	0626	N	N
Dry Peas	0067	N	Y	Sesame Seed	0644	N	N
Eggplant	0613	N	N	Sheep (Ewe/Lamb)	0806	Y	N
Eggs	0841	Y	N	Sheep (Feedlot)	0808	Y	N
Escarole	0649	N	N	Sheep (Stocker/Feeder)	0807	Y	N
Fish/Aquaculture	0820	Y	N	Soybeans	0081	N	Y
Flower Seed	0602	N	N	Spinach	0623	N	N
Flowers (Other)	0615	N	N	Squash (Other)	0669	N	N
Flue Cured Tobacco	0229	N	Y	Squash (Summer)	0014	N	N
Forage Production	0033	N	Y	Strawberries	0110	N	P
Fresh Market Beans	0105	N	P	Sugar Beets	0039	N	Y
Furs	0842	Y	N	Sunflowers	0078	N	Y
Goats	0809	Y	N	Sweet Cherries	0099	N	P
Gourds	0652	N	N	Sweet Corn (Processing)	0042	N	Y
Grain Sorghum	0051	N	Y	Swiss Chard	0653	N	N
Grapes	0053	N	Y	Table Grapes	0052	N	Y
Grass Seed	0660	N	N	Tart Cherries	0100	N	N
Green Peas	0064	N	Y	Tomatoes (Processing)	0087	N	Y
Greenhouse	0600	N	N	Turf	0690	N	N
Greens (Other)	0631	N	N	Turnip Greens	0632	N	N
Hay (Other)	0611	N	N	Turnips	0619	N	N
Herbs	0639	N	N	Vegetable Seed	0667	N	N
Hogs (Farrow)	0803	Y	N	Watermelons	0040	N	N
Hogs (Farrow/Finish)	0804	Y	N	Wheat	0011	N	Y
Hogs (Finish)	0805	Y	N	Winter Squash	0065	N	P
Honeydew	0642	N	N	Zucchini Squash	0640	N	N
Horseradish	0661	N	N				
Hot Peppers	0610	N	N				
Hybrid Corn Seed	0062	N	Y				

New England (2000)

Connecticut, Rhode Island, Vermont: All Counties							
Maine Counties: Aroostook, Franklin, Hancock, Knox, Lincoln, Oxford, Penobscot, Piscataquis, Sagadahoc, Somerset, Waldo, Washington							
New Hampshire Counties: Carroll, Coos, Grafton							
AGR Agriculture Commodities							
Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Indian Corn	0651	N	N
Alfalfa Seed	0107	N	P	Jalapeno Peppers	0662	N	P
Apples (Fresh Market)	0853	N	Y	Kale	0614	N	N
Apples (Processing)	0854	N	Y	Kohlrabi	0636	N	N
Apricots	0098	N	Y	Leeks	0638	N	N
Aquatic Plants	0656	N	N	Lettuce	0604	N	N
Asparagus	0607	N	N	Maple Sap	0645	N	N
Barley	0091	N	Y	Melons (All Other)	0101	N	N
Bedding Plants	0630	N	N	Milk	0844	Y	N
Bees (Animals)	0843	Y	N	Millet	0017	N	Y
Beets	0616	N	N	Mini Pumpkins	0617	N	N
Bell Peppers	0104	N	Y	Mixed Hay	0670	N	Y
Berries (Other)	0601	N	N	Mushrooms	0654	N	N
Blueberries	0012	N	Y	Mustard	0069	N	Y
Broccoli	0620	N	N	Nectarines	0102	N	Y
Brussel Sprouts	0657	N	N	Nursery (FG & C)	0073	N	Y
Cabbage	0072	N	P	Oats	0016	N	Y
Canola	0015	N	Y	Onions	0013	N	Y
Cantaloupe	0612	N	N	Other Crops	0609	N	N
Carambola Fruit	0103	N	N	Other Fruits	0608	N	N
Carrots	0624	N	N	Other Live Animals	0823	Y	N
Cattle (Cow-calf)	0800	Y	N	Other Vegetables	0646	N	N
Cattle (Feedlot)	0802	Y	N	Parsley	0641	N	N
Cattle (Stocker/Feeder)	0801	Y	N	Parsnips	0643	N	N
Cauliflower	0621	N	N	Peaches	0034	N	Y
Celery	0658	N	N	Pears	0089	N	Y
Chile Peppers	0045	N	P	Peppers (Other)	0627	N	P
Chinese Cabbage	0682	N	N	Plums	0092	N	Y
Christmas Trees	0635	N	N	Popcorn	0043	N	Y
Cigar Wrapper Tobacco	0236	N	Y	Potatoes	0084	N	Y
Clover	0668	N	Y	Poultry	0821	Y	N
Clover Seed	0655	N	N	Processing Beans	0046	N	Y
Collard Greens	0622	N	N	Pumpkins	0605	N	P
Corn	0041	N	Y	Radishes	0625	N	N
Crambe	0068	N	N	Raspberries	0679	N	P
Cranberries	0058	N	Y	Rhubarb	0650	N	N
Cucumbers	0603	N	N	Rye	0094	N	Y
Cut Flowers	0683	N	N	Safflower	0049	N	Y
Dairy	0847	Y	N	Scallions	0637	N	N
Dry Beans	0047	N	Y	Seed (Other)	0626	N	N
Dry Peas	0067	N	Y	Sesame Seed	0644	N	N
Eggplant	0613	N	N	Sheep (Ewe/Lamb)	0806	Y	N
Eggs	0841	Y	N	Sheep (Feedlot)	0808	Y	N
Escarole	0649	N	N	Sheep (Stocker/Feeder)	0807	Y	N
Fish/Aquaculture	0820	Y	N	Soybeans	0081	N	Y
Flower Seed	0602	N	N	Spinach	0623	N	N
Flowers (Other)	0615	N	N	Squash (Other)	0669	N	N
Flue Cured Tobacco	0229	N	Y	Squash (Summer)	0014	N	N
Forage Production	0033	N	Y	Strawberries	0110	N	P
Fresh Market Beans	0105	N	P	Sugar Beets	0039	N	Y
Furs	0842	Y	N	Sunflowers	0078	N	Y
Goats	0809	Y	N	Sweet Cherries	0099	N	P
Gourds	0652	N	N	Sweet Corn (Processing)	0042	N	Y
Grain Sorghum	0051	N	Y	Swiss Chard	0653	N	N
Grapes	0053	N	Y	Table Grapes	0052	N	Y
Grass Seed	0660	N	N	Tart Cherries	0100	N	N
Green Peas	0064	N	Y	Tomatoes (Processing)	0087	N	Y
Greenhouse	0600	N	N	Turf	0690	N	N
Greens (Other)	0631	N	N	Turnip Greens	0632	N	N
Hay (Other)	0611	N	N	Turnips	0619	N	N
Herbs	0639	N	N	Vegetable Seed	0667	N	N
Hogs (Farrow)	0803	Y	N	Watermelons	0040	N	N
Hogs (Farrow/Finish)	0804	Y	N	Wheat	0011	N	Y
Hogs (Finish)	0805	Y	N	Winter Squash	0065	N	P
Honeydew	0642	N	N	Zucchini Squash	0640	N	N
Horseradish	0661	N	N				
Hot Peppers	0610	N	N				
Hybrid Corn Seed	0062	N	Y				
Hybrid Sorghum Seed	0050	N	Y				

Maryland

Counties:

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, Worcester

AGR Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Melons (All Other)	0101	N	N
Apples	0054	N	Y	Mini Pumpkins	0617	N	N
Apricots	0098	N	Y	Mink	0824	Y	N
Asian Pears	0303	N	N	Mixed Hay	0670	N	Y
Asian Vegetables	0870	N	N	Mixed Vegetables	0956	N	N
Asparagus	0607	N	N	Nectarines	0102	N	Y
Barley	0091	N	Y	Nursery (FG & C)	0073	N	Y
Bees (Animals)	0843	Y	N	Oats	0016	N	Y
Beets	0616	N	N	Okra	0629	N	N
Bell Peppers	0104	N	Y	Onions (Green)	0919	N	Y
Berries (Other)	0601	N	N	Other Crops	0609	N	N
Blackberries	0302	N	P	Other Fruits	0608	N	N
Blueberries	0012	N	Y	Other Live Animals	0823	Y	N
Broccoli	0620	N	N	Other Vegetables	0646	N	N
Broccoli Rabe	0864	N	N	Parsley	0641	N	N
Broilers	0962	Y	N	Peaches	0034	N	Y
Brussel Sprouts	0657	N	N	Pears	0089	N	Y
Cabbage	0072	N	P	Peppers (Other)	0627	N	P
Cantaloupe	0612	N	N	Plums	0092	N	Y
Carrots	0624	N	N	Popcorn	0043	N	Y
Cattle: Cow-calf	0800	Y	N	Potatoes	0084	N	Y
Cattle: Feedlot	0802	Y	N	Poultry	0821	Y	N
Cattle: Stocker/Feeder	0801	Y	N	Processing Beans	0046	N	Y
Cauliflower	0621	N	N	Pumpkins	0605	N	P
Chinese Cabbage	0682	N	N	Radishes	0625	N	N
Christmas Trees	0635	N	N	Raspberries	0679	N	P
Clover	0668	N	Y	Rhubarb	0650	N	N
Corn	0041	N	Y	Rye	0094	N	Y
Cucumbers	0603	N	N	Sheep and Lambs	0816	Y	N
Dairy	0847	Y	N	Sheep: Ewe/Lamb	0806	Y	N
Eggplant	0613	N	N	Sheep: Feedlot	0808	Y	N
Eggs	0841	Y	N	Sheep: Stocker/Feeder	0807	Y	N
Fish/Aquaculture	0820	Y	N	Soybeans	0081	N	Y
Fresh Market Beans	0105	N	P	Spinach	0623	N	N
Furs	0842	Y	N	Squash (Other)	0669	N	N
Game Birds	0304	Y	N	Strawberries	0110	N	P
Goats	0809	Y	N	Summer Squash (Fresh Market)	0943	N	N
Gourds	0652	N	N	Sweet Cherries	0099	N	P
Grain Sorghum	0051	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Grapes (Hybrid)	0890	N	Y	Sweet Corn (Processing)	0042	N	Y
Grapes (Vinifera)	0892	N	Y	Sweet Potatoes	0085	N	P
Green Peas	0064	N	Y	Table Grapes	0052	N	Y
Greenhouse	0600	N	N	Tart Cherries	0100	N	N
Greens (Other)	0631	N	N	Tobacco	0071	N	Y
Hay (Other)	0611	N	N	Tomatoes (Fresh Market)	0086	N	Y
Herbs	0639	N	N	Tomatoes (Processing)	0087	N	Y
Hogs: Farrow	0803	Y	N	Turf	0690	N	N
Hogs: Farrow/Finish	0804	Y	N	Turnips	0619	N	N
Hogs: Finish	0805	Y	N	Watermelons	0040	N	N
Hot Peppers	0610	N	N	Wheat	0011	N	Y
Indian Corn	0651	N	N	Winter Squash	0065	N	P
Kohlrabi	0636	N	N	Zucchini Squash	0640	N	N
Leeks	0638	N	N				
Lettuce	0604	N	N				
Lima Beans	0906	N	Y				

Michigan (New)

Counties: Mason, Muskegon, Newaygo, Oceana							
AGR Agriculture Commodities							
Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Mini Pumpkins	0617	N	N
Apples	0054	N	Y	Mint	0074	N	P
Apricots	0098	N	Y	Mixed Hay	0670	N	Y
Asparagus	0607	N	N	Mixed Vegetables	0956	N	N
Barley	0091	N	Y	Mushrooms	0654	N	N
Bees (Animals)	0843	Y	N	Nectarines	0102	N	Y
Beets	0616	N	N	Nursery (FG & C)	0073	N	Y
Bell Peppers	0104	N	Y	Oats	0016	N	Y
Berries (Other)	0601	N	N	Onions	0013	N	Y
Blueberries	0012	N	Y	Other Crops	0609	N	N
Broccoli	0620	N	N	Other Fruits	0608	N	N
Brussel Sprouts	0657	N	N	Other Live Animals	0823	Y	N
Buckwheat	0865	N	N	Other Vegetables	0646	N	N
Cabbage	0072	N	P	Parsnips	0643	N	N
Cantaloupe	0612	N	N	Peaches (Fresh Market)	0923	N	Y
Carrots	0624	N	N	Peaches (Processing)	0924	N	Y
Cattle: Cow-calf	0800	Y	N	Pears	0089	N	Y
Cattle: Feedlot	0802	Y	N	Peppers (Other)	0627	N	P
Cattle: Stocker/Feeder	0801	Y	N	Plums	0092	N	Y
Cauliflower	0621	N	N	Potatoes	0084	N	Y
Celery	0658	N	N	Poultry	0821	Y	N
Christmas Trees	0635	N	N	Processing Beans	0046	N	Y
Clover	0668	N	Y	Prunes	0036	N	Y
Clover Seed	0655	N	N	Pumpkins	0605	N	P
Collard Greens	0622	N	N	Raspberries	0679	N	P
Corn	0041	N	Y	Rhubarb	0650	N	N
Cranberries	0058	N	Y	Rutabaga	0687	N	N
Cucumbers	0603	N	N	Rye	0094	N	Y
Dry Beans	0047	N	Y	Seed (Other)	0626	N	N
Eggplant	0613	N	N	Sheep: Ewe/Lamb	0806	Y	N
Eggs	0841	Y	N	Sheep: Feedlot	0808	Y	N
Fish/Aquaculture	0820	Y	N	Sheep: Stocker/Feeder	0807	Y	N
Flower Seed	0602	N	N	Soybeans	0081	N	Y
Flowers (Other)	0615	N	N	Spinach	0623	N	N
Forage Production	0033	N	Y	Squash (Other)	0669	N	N
Furs	0842	Y	N	Squash, Summer	0014	N	N
Garlic	0301	N	N	Strawberries	0110	N	P
Goats	0809	Y	N	Sugar Beets	0039	N	Y
Gourds	0652	N	N	Sunflowers	0078	N	Y
Grapes	0053	N	Y	Sweet Cherries	0099	N	P
Greenhouse	0600	N	N	Sweet Corn (Fresh Market)	0044	N	Y
Greens (Other)	0631	N	N	Tart Cherries	0100	N	N
Herbs	0639	N	N	Tomatoes (Processing)	0087	N	Y
Hogs: Farrow	0803	Y	N	Turnips	0619	N	N
Hogs: Farrow/Finish	0804	Y	N	Watermelons	0040	N	N
Hogs: Finish	0805	Y	N	Wheat	0011	N	Y
Hot Peppers	0610	N	N	Winter Squash	0065	N	P
Indian Corn	0651	N	N	Zucchini Squash	0640	N	N
Lettuce	0604	N	N				
Maple Sap	0645	N	N				
Melons (All Other)	0101	N	N				

Michigan (Original)

Counties: Allegan, Berrien, Kent, Ottawa, Van Buren							
AGR Agriculture Commodities							
Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Hybrid Sorghum Seed	0050	N	Y
Alfalfa Seed	0107	N	P	Indian Corn	0651	N	N
Apples	0054	N	Y	Jalapeno Peppers	0662	N	P
Apricots	0098	N	Y	Kale	0614	N	N
Aquatic Plants	0656	N	N	Kohlrabi	0636	N	N
Asparagus	0607	N	N	Leeks	0638	N	N
Barley	0091	N	Y	Lettuce	0604	N	N
Bedding Plants	0630	N	N	Maple Sap	0645	N	N
Bees (Animals)	0843	Y	N	Melons (All Other)	0101	N	N
Beets	0616	N	N	Millet	0017	N	Y
Bell Peppers	0104	N	Y	Mini Pumpkins	0617	N	N
Berries (Other)	0601	N	N	Mixed Hay	0670	N	Y
Blueberries	0012	N	Y	Mushrooms	0654	N	N
Broccoli	0620	N	N	Mustard	0069	N	Y
Brussel Sprouts	0657	N	N	Nectarines	0102	N	Y
Cabbage	0072	N	P	Nursery (FG & C)	0073	N	Y
Canola	0015	N	Y	Oats	0016	N	Y
Cantaloupe	0612	N	N	Onions	0013	N	Y
Carambola Fruit	0103	N	N	Other Crops	0609	N	N
Carrots	0624	N	N	Other Fruits	0608	N	N
Cattle: Cow-calf	0800	Y	N	Other Live Animals	0823	Y	N
Cattle: Feedlot	0802	Y	N	Other Vegetables	0646	N	N
Cattle: Stocker/Feeder	0801	Y	N	Parsley	0641	N	N
Cauliflower	0621	N	N	Parsnips	0643	N	N
Celery	0658	N	N	Peaches	0034	N	Y
Chile Peppers	0045	N	P	Pears	0089	N	Y
Christmas Trees	0635	N	N	Peppers (Other)	0627	N	P
Cigar Wrapper Tobacco	0236	N	Y	Plums	0092	N	Y
Clover	0668	N	Y	Popcorn	0043	N	Y
Clover Seed	0655	N	N	Potatoes	0084	N	Y
Collard Greens	0622	N	N	Poultry	0821	Y	N
Corn	0041	N	Y	Processing Beans	0046	N	Y
Crambe	0068	N	N	Pumpkins	0605	N	P
Cranberries	0058	N	Y	Radishes	0625	N	N
Cucumbers	0603	N	N	Rhubarb	0650	N	N
Dairy	0847	Y	N	Rye	0094	N	Y
Dry Beans	0047	N	Y	Safflower	0049	N	Y
Dry Peas	0067	N	Y	Scallions	0637	N	N
Eggplant	0613	N	N	Seed (Other)	0626	N	N
Eggs	0841	Y	N	Sesame Seed	0644	N	N
Escarole	0649	N	N	Sheep: Ewe/Lamb	0806	Y	N
Fish/Aquaculture	0820	Y	N	Sheep: Feedlot	0808	Y	N
Flax	0031	N	Y	Sheep: Stocker/Feeder	0807	Y	N
Flower Seed	0602	N	N	Soybeans	0081	N	Y
Flowers (Other)	0615	N	N	Spinach	0623	N	N
Flue Cured Tobacco	0229	N	Y	Squash (Other)	0669	N	N
Forage Production	0033	N	Y	Squash, Summer	0014	N	N
Furs	0842	Y	N	Strawberries	0110	N	P
Goats	0809	Y	N	Sugar Beets	0039	N	Y
Gourds	0652	N	N	Sunflowers	0078	N	Y
Grain Sorghum	0051	N	Y	Sweet Cherries	0099	N	P
Grapes	0053	N	Y	Sweet Corn (Processing)	0042	N	Y
Grass Seed	0660	N	N	Swiss Chard	0653	N	N
Green Peas	0064	N	Y	Table Grapes	0052	N	Y
Greenhouse	0600	N	N	Tart Cherries	0100	N	N
Greens (Other)	0631	N	N	Tomatoes (Processing)	0087	N	Y
Hay (Other)	0611	N	N	Turnip Greens	0632	N	N
Herbs	0639	N	N	Turnips	0619	N	N
Hogs: Farrow	0803	Y	N	Vegetable Seed	0667	N	N
Hogs: Farrow/Finish	0804	Y	N	Watermelons	0040	N	N
Hogs: Finish	0805	Y	N	Wheat	0011	N	Y
Honeydew	0642	N	N	Winter Squash	0065	N	P
Horseradish	0661	N	N	Zucchini Squash	0640	N	N
Hot Peppers	0610	N	N				
Hybrid Corn Seed	0062	N	Y				

New Jersey (Northern)

Counties: Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex Morris, Passaic, Somerset, Sussex, Union, Warren							
AGR Agriculture Commodities							
Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Leeks	0638	N	N
Apples	0054	N	Y	Lettuce	0604	N	N
Asian Pears	0303	N	N	Melons (All Other)	0101	N	N
Asian Vegetables	0870	N	N	Mini Pumpkins	0617	N	N
Asparagus	0607	N	N	Mink	0824	Y	N
Barley	0091	N	Y	Mixed Hay	0670	N	Y
Bees (Animals)	0843	Y	N	Mixed Vegetables	0956	N	N
Beets	0616	N	N	Nectarines	0102	N	Y
Bell Peppers	0104	N	Y	Nursery (FG & C)	0073	N	Y
Berries (Other)	0601	N	N	Oats	0016	N	Y
Blackberries	0302	N	P	Okra	0629	N	N
Blueberries	0012	N	Y	Onions (Green)	0919	N	Y
Broccoli	0620	N	N	Other Crops	0609	N	N
Broccoli Rabe	0864	N	N	Other Fruits	0608	N	N
Brussel Sprouts	0657	N	N	Other Live Animals	0823	Y	N
Cabbage	0072	N	P	Other Vegetables	0646	N	N
Cantaloupe	0612	N	N	Parsley	0641	N	N
Carrots	0624	N	N	Peaches	0034	N	Y
Cattle: Cow-calf	0800	Y	N	Pears	0089	N	Y
Cattle: Feedlot	0802	Y	N	Peppers (Other)	0627	N	P
Cattle: Stocker/Feeder	0801	Y	N	Plums	0092	N	Y
Cauliflower	0621	N	N	Popcorn	0043	N	Y
Celery	0658	N	N	Potatoes	0084	N	Y
Chinese Cabbage	0682	N	N	Potted Flowers	0931	N	N
Christmas Trees	0635	N	N	Poultry	0821	Y	N
Clover	0668	N	Y	Pumpkins	0605	N	P
Corn	0041	N	Y	Radishes	0625	N	N
Cucumbers	0603	N	N	Raspberries	0679	N	P
Cut Flowers	0683	N	N	Rhubarb	0650	N	N
Dairy	0847	Y	N	Rye	0094	N	Y
Dried Flowers	0880	N	N	Seed (Other)	0626	N	N
Eggplant	0613	N	N	Sheep and Lambs	0816	Y	N
Eggs	0841	Y	N	Sheep: Ewe/Lamb	0806	Y	N
Endive	0883	N	N	Sheep: Feedlot	0808	Y	N
Escarole	0649	N	N	Sheep: Stocker/Feeder	0807	Y	N
Fish/Aquaculture	0820	Y	N	Soybeans	0081	N	Y
Flower Bulbs	0887	N	N	Spinach	0623	N	N
Flowers (Other)	0615	N	N	Squash (Other)	0669	N	N
Fresh Market Beans	0105	N	P	Squash, Summer	0014	N	N
Furs	0842	Y	N	Strawberries	0110	N	P
Game Birds	0304	Y	N	Sweet Cherries	0099	N	P
Goats	0809	Y	N	Sweet Corn (Fresh Market)	0044	N	Y
Gourds	0652	N	N	Sweet Corn (Processing)	0042	N	Y
Grain Sorghum	0051	N	Y	Sweet Potatoes	0085	N	P
Grapes	0053	N	Y	Table Grapes	0052	N	Y
Green Peas	0064	N	Y	Tart Cherries	0100	N	N
Greenhouse	0600	N	N	Tomatoes (Fresh Market)	0086	N	Y
Greens (Other)	0631	N	N	Tomatoes (Processing)	0087	N	Y
Herbs	0639	N	N	Turnips	0619	N	N
Hogs: Farrow	0803	Y	N	Watermelons	0040	N	N
Hogs: Farrow/Finish	0804	Y	N	Wheat	0011	N	Y
Hogs: Finish	0805	Y	N	Winter Squash	0065	N	P
Hot Peppers	0610	N	N	Zucchini Squash	0640	N	N
Indian Corn	0651	N	N				
Kohlrabi	0636	N	N				

New Jersey (Southern)

Counties:
Atlantic, Burlington, Camden, Cape May, Cumberland
Gloucester, Monmouth, Ocean, Salem

AGR Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Leeks	0638	N	N
Apples	0054	N	Y	Lettuce	0604	N	N
Asian Pears	0303	N	N	Melons (All Other)	0101	N	N
Asian Vegetables	0870	N	N	Mini Pumpkins	0617	N	N
Asparagus	0607	N	N	Mink	0824	Y	N
Barley	0091	N	Y	Mixed Hay	0670	N	Y
Basil	0858	N	N	Mixed Vegetables	0956	N	N
Bees (Animals)	0843	Y	N	Napa Cabbage	0910	N	N
Beets	0616	N	N	Nectarines	0102	N	Y
Bell Peppers	0104	N	Y	Nursery (FG & C)	0073	N	Y
Berries (Other)	0601	N	N	Oats	0016	N	Y
Blackberries	0302	N	P	Okra	0629	N	N
Blueberries	0012	N	Y	Onions (Green)	0919	N	Y
Broccoli	0620	N	N	Other Crops	0609	N	N
Broccoli Rabe	0864	N	N	Other Fruits	0608	N	N
Brussel Sprouts	0657	N	N	Other Live Animals	0823	Y	N
Cabbage	0072	N	P	Other Vegetables	0646	N	N
Cantaloupe	0612	N	N	Parsley	0641	N	N
Carrots	0624	N	N	Parsnips	0643	N	N
Cattle: Cow-calf	0800	Y	N	Peaches	0034	N	Y
Cattle: Feedlot	0802	Y	N	Pears	0089	N	Y
Cattle: Stocker/Feeder	0801	Y	N	Peppers (Other)	0627	N	P
Cauliflower	0621	N	N	Plums	0092	N	Y
Celeriac	0869	N	N	Potatoes	0084	N	Y
Chinese Cabbage	0682	N	N	Potted Flowers	0931	N	N
Christmas Trees	0635	N	N	Poultry	0821	Y	N
Cilantro	0871	N	N	Processing Beans	0046	N	Y
Clover	0668	N	Y	Pumpkins	0605	N	P
Corn	0041	N	Y	Radishes	0625	N	N
Cranberries	0058	N	Y	Rasberries	0679	N	P
Cucumbers	0603	N	N	Rhubarb	0650	N	N
Cucumbers (Pickling)	0878	N	P	Rye	0094	N	Y
Cut Flowers	0683	N	N	Seed (Other)	0626	N	N
Dairy	0847	Y	N	Sheep and Lambs	0816	Y	N
Dried Flowers	0880	N	N	Sheep: Ewe/Lamb	0806	Y	N
Eggplant	0613	N	N	Sheep: Feedlot	0808	Y	N
Eggs	0841	Y	N	Sheep: Stocker/Feeder	0807	Y	N
Endive	0883	N	N	Snap Beans (Fresh Market)	0082	N	N
Escarole	0649	N	N	Snap Peas	0938	N	Y
Fish/Aquaculture	0820	Y	N	Soybeans	0081	N	Y
Flower Bulbs	0887	N	N	Spinach	0623	N	N
Flowers (Other)	0615	N	N	Squash (Other)	0669	N	N
Furs	0842	Y	N	Squash, Summer	0014	N	N
Game Birds	0304	Y	N	Strawberries	0110	N	P
Goats	0809	Y	N	Sweet Cherries	0099	N	P
Gourds	0652	N	N	Sweet Corn (Fresh Market)	0044	N	Y
Grain Sorghum	0051	N	Y	Sweet Corn (Processing)	0042	N	Y
Grapes	0053	N	Y	Sweet Potatoes	0085	N	P
Green Peas	0064	N	Y	Table Grapes	0052	N	Y
Greenhouse	0600	N	N	Tart Cherries	0100	N	N
Greens (Other)	0631	N	N	Tomatoes (Fresh Market)	0086	N	Y
Herbs	0639	N	N	Tomatoes (Processing)	0087	N	Y
Hogs: Farrow	0803	Y	N	Tomatoes (Staked)	0946	N	Y
Hogs: Farrow/Finish	0804	Y	N	Turnips	0619	N	N
Hogs: Finish	0805	Y	N	Watermelons	0040	N	N
Horseradish	0661	N	N	Wheat	0011	N	Y
Hot Peppers	0610	N	N	Winter Squash	0065	N	P
Indian Corn	0651	N	N	Zucchini Squash	0640	N	N
Italian Parsley	0902	N	N				
Kohlrabi	0636	N	N				

New York (Orange, Ulster)

Counties: Orange, Ulster							
AGR Agriculture Commodities							
Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Leek	0638	N	N
Apples (Fresh Market)	0853	N	Y	Lettuce	0604	N	N
Apples (Processing)	0854	N	Y	Melons (All Other)	0101	N	N
Asparagus	0607	N	N	Mini Pumpkins	0617	N	N
Barley	0091	N	Y	Mink	0824	Y	N
Bees (Animals)	0843	Y	N	Mixed Hay	0670	N	Y
Beets	0616	N	N	Mixed Vegetables	0956	N	N
Bell Peppers	0104	N	Y	Nectarines	0102	N	Y
Berries (Other)	0601	N	N	Nursery (FG&C)	0073	N	Y
Blueberries	0012	N	Y	Oats	0016	N	Y
Broccoli	0620	N	N	Onions	0013	N	Y
Cabbage	0072	N	P	Other Crops	0609	N	N
Cantaloupe	0612	N	N	Other Fruits	0608	N	N
Carrots	0624	N	N	Other Live Animals	0823	Y	N
Cattle (Cow-calf)	0800	Y	N	Other Vegetables	0646	N	N
Cattle (Feedlot)	0802	Y	N	Parsley	0641	N	N
Cattle (Stocker/Feeder)	0801	Y	N	Peaches	0034	N	Y
Cauliflower	0621	N	N	Pears	0089	N	Y
Chinese Cabbage	0682	N	N	Peppers (Other)	0627	N	P
Christmas Trees	0635	N	N	Plums	0092	N	Y
Cilantro	0871	N	N	Popcorn	0043	N	Y
Clover	0668	N	Y	Potatoes	0084	N	Y
Corn	0041	N	Y	Poultry	0821	Y	N
Cucumbers	0603	N	N	Pumpkins	0605	N	P
Cut Flowers	0683	N	N	Radishes	0625	N	N
Dairy	0847	Y	N	Raspberries	0679	N	P
Dried Flowers	0880	N	N	Rye	0094	N	Y
Dry Beans	0047	N	Y	Seed (Other)	0626	N	N
Eggplant	0613	N	N	Sheep and Lambs	0816	Y	N
Eggs	0841	Y	N	Sheep (Ewe/Lamb)	0806	Y	N
Fish/Aquaculture	0820	Y	N	Sheep (Feedlot)	0808	Y	N
Flowers (Other)	0615	N	N	Sheep (Stocker/Feeder)	0807	Y	N
Fresh Market Beans	0105	N	P	Spinach	0623	N	N
Furs	0842	Y	N	Squash (Other)	0669	N	N
Game Birds	0304	Y	N	Squash (Summer)	0014	N	N
Garlic	0301	N	N	Strawberries	0110	N	P
Goats	0809	Y	N	Sudan Sorghum Grass	0941	N	N
Gourds	0652	N	N	Sweet Cherries	0099	N	P
Grapes	0053	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Grapes (Wine)	0893	N	Y	Table Grapes	0052	N	Y
Green Peas	0064	N	Y	Tart Cherries	0100	N	N
Greenhouse	0600	N	N	Tomatoes (Fresh Market)	0086	N	Y
Greens	0898	N	N	Turf	0690	N	N
Greens (Other)	0631	N	N	Turnips	0619	N	N
Herbs	0639	N	N	Watermelons	0040	N	N
Hogs (Farrow)	0803	Y	N	Wheat	0011	N	Y
Hogs (Farrow/Finish)	0804	Y	N	Winter Squash	0065	N	P
Hogs (Finish)	0805	Y	N	Zucchini Squash	0640	N	N
Indian Corn	0651	N	N				
Kohlrabi	0636	N	N				

New York (Suffolk)

County: Suffolk							
AGR Agriculture Commodities							
Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Apples (Fresh Market)	0853	N	Y	Hogs (Finish)	0805	Y	N
Apples (Processing)	0854	N	Y	Lettuce	0604	N	N
Asian Vegetables	0870	N	N	Melons (All Other)	0101	N	N
Asparagus	0607	N	N	Mink	0824	Y	N
Bees (Animals)	0843	Y	N	Mixed Hay	0670	N	Y
Berries (Other)	0601	N	N	Mixed Vegetables	0956	N	N
Blueberries	0012	N	Y	Nursery (FG&C)	0073	N	Y
Broccoli	0620	N	N	Oats	0016	N	Y
Cabbage	0072	N	P	Other Crops	0609	N	N
Cattle (Cow-calf)	0800	Y	N	Other Fruits	0608	N	N
Cattle (Feedlot)	0802	Y	N	Other Live Animals	0823	Y	N
Cattle (Stocker/Feeder)	0801	Y	N	Other Vegetables	0646	N	N
Cauliflower	0621	N	N	Peaches	0034	N	Y
Chinese Cabbage	0682	N	N	Pears	0089	N	Y
Christmas Trees	0635	N	N	Peppers (Other)	0627	N	P
Corn	0041	N	Y	Potatoes	0084	N	Y
Cucumbers	0603	N	N	Poultry	0821	Y	N
Cut Flowers	0683	N	N	Pumpkins	0605	N	P
Dairy	0847	Y	N	Raspberries	0679	N	P
Dried Flowers	0880	N	N	Rye	0094	N	Y
Eggplant	0613	N	N	Seed (Other)	0626	N	N
Eggs	0841	Y	N	Sheep and Lambs	0816	Y	N
Fish/Aquaculture	0820	Y	N	Sheep (Ewe/Lamb)	0806	Y	N
Flowers (Other)	0615	N	N	Sheep (Feedlot)	0808	Y	N
Fresh Market Beans	0105	N	P	Sheep (Stocker/Feeder)	0807	Y	N
Furs	0842	Y	N	Spinach	0623	N	N
Game Birds	0304	Y	N	Squash (Other)	0669	N	N
Goats	0809	Y	N	Strawberries	0110	N	P
Grapes	0053	N	Y	Sweet Cherries	0099	N	P
Grapes (Wine)	0893	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Greenhouse	0600	N	N	Tomatoes (Fresh Market)	0086	N	Y
Greens	0898	N	N	Turf	0690	N	N
Greens (Other)	0631	N	N	Wheat	0011	N	Y
Herbs	0639	N	N	Zucchini Squash	0640	N	N
Hogs (Farrow)	0803	Y	N				
Hogs (Farrow/Finish)	0804	Y	N				

New York (West)

Counties: Cayuga, Chautauqua, Erie, Genesee, Monroe, Niagara, Onondaga Ontario, Orleans, Oswego, Seneca, Wayne, Yates							
AGR Agriculture Commodities							
Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Melons (All Other)	0101	N	N
Apples (Fresh Market)	0853	N	Y	Millet	0017	N	Y
Apples (Processing)	0854	N	Y	Mini Pumpkins	0617	N	N
Apricots	0098	N	Y	Mink	0824	Y	N
Asian Vegetables	0870	N	N	Mixed Hay	0670	N	Y
Asparagus	0607	N	N	Mixed Vegetables	0956	N	N
Barley	0091	N	Y	Nectarines	0102	N	Y
Bees (Animals)	0843	Y	N	Nursery (FG & C)	0073	N	Y
Beets	0616	N	N	Oats	0016	N	Y
Berries (Other)	0601	N	N	Onions	0013	N	Y
Blackberries	0302	N	P	Onions (Green)	0919	N	Y
Blueberries	0012	N	Y	Other Crops	0609	N	N
Broccoli	0620	N	N	Other Fruits	0608	N	N
Broccoli Rabe	0864	N	N	Other Live Animals	0823	Y	N
Brussel Sprouts	0657	N	N	Other Vegetables	0646	N	N
Buckwheat	0865	N	N	Parsley	0641	N	N
Cabbage (Fresh Market)	0960	N	P	Peaches (Fresh Market)	0923	N	Y
Cabbage (Processing)	0961	N	P	Peaches (Processing)	0924	N	Y
Cantaloupe	0612	N	N	Pears	0089	N	Y
Carrots	0624	N	N	Peppers (Irrigated)	0925	N	Y
Cattle (Cow-calf)	0800	Y	N	Peppers (Non irrigated)	0926	N	Y
Cattle (Feedlot)	0802	Y	N	Peppers (Other)	0627	N	P
Cattle (Stocker/Feeder)	0801	Y	N	Plums	0092	N	Y
Cauliflower	0621	N	N	Popcorn	0043	N	Y
Chinese Cabbage	0682	N	N	Potatoes	0084	N	Y
Christmas Trees	0635	N	N	Poultry	0821	Y	N
Clover	0668	N	Y	Processing Beans	0046	N	Y
Corn	0041	N	Y	Prunes	0036	N	Y
Cucumbers	0603	N	N	Pumpkins	0605	N	P
Cut Flowers	0683	N	N	Radishes	0625	N	N
Dairy	0847	Y	N	Raspberries	0679	N	P
Dried Flowers	0880	N	N	Rye	0094	N	Y
Dry Beans	0047	N	Y	Sheep and Lambs	0816	Y	N
Eggplant	0613	N	N	Sheep (Ewe/Lamb)	0806	Y	N
Eggs	0841	Y	N	Sheep (Feedlot)	0808	Y	N
Fish/Aquaculture	0820	Y	N	Sheep (Stocker/Feeder)	0807	Y	N
Flower Bulbs	0887	N	N	Soybeans	0081	N	Y
Flowers (Other)	0615	N	N	Spinach	0623	N	N
Fresh Market Beans	0105	N	P	Squash (Other)	0669	N	N
Furs	0842	Y	N	Squash (Summer)	0014	N	N
Game Birds	0304	Y	N	Strawberries	0110	N	P
Garlic	0301	N	N	Sunflowers	0078	N	Y
Goats	0809	Y	N	Sweet Cherries	0099	N	P
Gourds	0652	N	N	Sweet Corn (Fresh Market)	0044	N	Y
Grapes (Hybrid)	0890	N	Y	Sweet Corn (Processing)	0042	N	Y
Grapes (Juice)	0891	N	Y	Sweet Potatoes	0085	N	P
Grapes (Lumbruska)	0894	N	Y	Table Grapes	0052	N	Y
Grapes (Vinifera)	0892	N	Y	Tart Cherries	0100	N	N
Green Peas	0064	N	Y	Tomatoes (Fresh Market)	0086	N	Y
Greenhouse	0600	N	N	Tomatoes (Processing)	0087	N	Y
Greens (Other)	0631	N	N	Turf	0690	N	N
Herbs	0639	N	N	Turnips	0619	N	N
Hogs (Farrow)	0803	Y	N	Watermelons	0040	N	N
Hogs (Farrow/Finish)	0804	Y	N	Wheat	0011	N	Y
Hogs (Finish)	0805	Y	N	Winter Squash	0065	N	P
Hybrid Corn Seed	0062	N	Y	Zucchini Squash	0640	N	N
Indian Corn	0651	N	N				
Lettuce	0604	N	N				
Maple Sap	0645	N	N				

Treasure Valley

Idaho Counties: Canyon, Payette, Washington							
Oregon County: Malheur							
AGR Agriculture Commodities							
Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Lettuce Seed	0665	N	N
Alfalfa Seed	0107	N	P	Mink	0824	Y	N
Apples	0054	N	Y	Mixed Hay	0670	N	Y
Apricots	0098	N	Y	Mushrooms	0654	N	N
Asparagus	0607	N	N	Mustard Seed	0674	N	Y
Barley (Irrigated)	0856	N	Y	Nectarines	0102	N	Y
Barley (Nonirrigated)	0857	N	Y	Nursery (FG & C)	0073	N	Y
Bees (Animals)	0843	Y	N	Oats (Irrigated)	0914	N	Y
Bell Peppers	0104	N	Y	Oats (Nonirrigated)	0915	N	Y
Cabbage	0072	N	P	Onion Seed	0671	N	N
Canola	0015	N	Y	Onions	0013	N	Y
Cantaloupe	0612	N	N	Other Crops	0609	N	N
Carrot Seed	0634	N	N	Other Live Animals	0823	Y	N
Carrots	0624	N	N	Peaches	0034	N	Y
Casaba	0680	N	N	Pears	0089	N	Y
Cattle: Cow-calf	0800	Y	N	Plums	0092	N	Y
Cattle: Feedlot	0802	Y	N	Popcorn Seed	0685	N	N
Cauliflower	0621	N	N	Potatoes	0084	N	Y
Chestnuts	0681	N	N	Prunes	0036	N	Y
Chinese Cabbage	0682	N	N	Pumpkins	0605	N	P
Christmas Trees	0635	N	N	Radish Seed	0686	N	N
Clover	0668	N	Y	Raspberries	0679	N	P
Clover Seed	0655	N	N	Rutabaga	0687	N	N
Corn	0041	N	Y	Seed (Other)	0626	N	N
Crenshaw	0692	N	N	Sheep and Lambs	0816	Y	N
Cucumbers	0603	N	N	Snap Beans (Fresh Market)	0082	N	N
Cut Flowers	0683	N	N	Spearmint	0701	N	P
Dairy	0847	Y	N	Spinach	0623	N	N
Dry Beans	0047	N	Y	Squash (Other)	0669	N	N
Dry Peas	0067	N	Y	Strawberries	0110	N	P
Eggplant	0613	N	N	Sugar Beets	0039	N	Y
Flax Seed	0684	N	N	Sunflowers	0078	N	Y
Flower Seed	0602	N	N	Sweet Cherries	0099	N	P
Grain Sorghum	0051	N	Y	Sweet Corn (Processing)	0042	N	Y
Grapes (Juice)	0891	N	Y	Sweet Corn Seed	0688	N	N
Grapes (Wine)	0893	N	Y	Tart Cherries	0100	N	N
Green Peas	0064	N	Y	Teff Seed	0689	N	N
Hay (Other)	0611	N	N	Tomatoes (Processing)	0087	N	Y
Hogs: Farrow	0803	Y	N	Turf	0690	N	N
Hogs: Farrow/Finish	0804	Y	N	Turnip Seed	0691	N	N
Hogs: Finish	0805	Y	N	Turnips	0619	N	N
Hops	0673	N	N	Vegetable Seed	0667	N	N
Hot Peppers	0610	N	N	Watermelons	0040	N	N
Lettuce	0604	N	N	Wheat (Irrigated)	0948	N	Y
				Wheat (Nonirrigated)	0949	N	Y

Willamette Valley

Oregon Counties:
Benton, Clackamas, Columbia, Lane, Linn, Marion
Multnomah, Polk, Washington, Yamhill

AGR Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Hogs: Finish	0805	Y	N
Apples	0054	N	Y	Hops	0673	N	N
Barley	0091	N	Y	Kentucky Bluegrass Seed	0904	N	N
Bees (Animals)	0843	Y	N	Lettuce	0604	N	N
Beets	0616	N	N	Loganberries	0907	N	P
Bell Peppers	0104	N	Y	Meadowfoam	0908	N	N
Bentgrass Seed (Colonial)	0859	N	N	Melons (All Other)	0101	N	N
Bentgrass Seed (Creeping)	0860	N	N	Mink	0824	Y	N
Berries (Other)	0601	N	N	Mushrooms	0654	N	N
Blackberries	0302	N	P	Nursery (FG & C)	0073	N	Y
Blackberries (Evergreen)	0861	N	P	Oats	0016	N	Y
Blackberries (Marion)	0862	N	N	Onions (Bulb)	0918	N	Y
Blueberries	0012	N	Y	Onions (Green)	0919	N	Y
Boysenberries	0863	N	P	Onions (Shallot)	0920	N	Y
Broccoli	0620	N	N	Orchard Grass	0921	N	N
Cabbage	0072	N	P	Other Crops	0609	N	N
Cantaloupe	0612	N	N	Other Fruits	0608	N	N
Carrots	0624	N	N	Other Live Animals	0823	Y	N
Cattle: Cow-calf	0800	Y	N	Other Vegetables	0646	N	N
Cattle: Feedlot	0802	Y	N	Peaches	0034	N	Y
Cattle: Stocker/Feeder	0801	Y	N	Pears	0089	N	Y
Cauliflower	0621	N	N	Peppermint	0700	N	P
Celery	0658	N	N	Peppers (Other)	0627	N	P
Chestnuts	0681	N	N	Plums	0092	N	Y
Christmas Trees	0635	N	N	Potatoes	0084	N	Y
Clover Seed (Annuals)	0873	N	N	Poultry	0821	Y	N
Clover Seed (Perennials)	0874	N	N	Processing Beans	0046	N	Y
Clover Seed (Red)	0875	N	N	Prunes	0036	N	Y
Clover Seed (White, Ladino)	0951	N	N	Pumpkins	0605	N	P
Corn (Silage)	0876	N	Y	Radishes	0625	N	N
Cranberries	0058	N	Y	Raspberries (Black)	0933	N	P
Crown Vetch Seed	0305	N	N	Raspberries (Red)	0934	N	P
Cucumbers	0603	N	N	Rhubarb	0650	N	N
Cut Flowers	0683	N	N	Rutabaga	0687	N	N
Dairy	0847	Y	N	Ryegrass Seed (Annual)	0935	N	N
Dry Peas	0067	N	Y	Ryegrass Seed (Perennial)	0936	N	N
Eggs	0841	Y	N	Seed (Other)	0626	N	N
Fescue Seed (Fine)	0885	N	N	Sheep and Lambs	0816	Y	N
Fescue Seed (Tall)	0886	N	N	Sheep: Ewe/Lamb	0806	Y	N
Fish/Aquaculture	0820	Y	N	Sheep: Feedlot	0808	Y	N
Flower Bulbs	0887	N	N	Sheep: Stocker/Feeder	0807	Y	N
Flower Seed	0602	N	N	Spinach	0623	N	N
Flowers (Other)	0615	N	N	Squash (Other)	0669	N	N
Fresh Market Beans	0105	N	P	Straw	0940	N	N
Furs	0842	Y	N	Strawberries	0110	N	P
Game Birds	0304	Y	N	Sugarbeet Seed	0942	N	N
Garlic Seed (Cloves)	0888	N	N	Sweet Cherries	0099	N	P
Goats	0809	Y	N	Sweet Corn (Fresh Market)	0044	N	Y
Gooseberries	0889	N	N	Sweet Corn (Processing)	0042	N	Y
Grapes	0053	N	Y	Tart Cherries	0100	N	N
Grass Seed	0660	N	N	Tomatoes (Fresh Market)	0086	N	Y
Green Peas	0064	N	Y	Tomatoes (Processing)	0087	N	Y
Greenhouse	0600	N	N	Vegetable Seed	0667	N	N
Greens (Other)	0631	N	N	Walnuts	0029	N	Y
Hay (Other)	0611	N	N	Wheat	0011	N	Y
Hay (Silage)	0899	N	N	Wild Rice	0952	N	P
Hazelnuts	0900	N	N				
Hogs: Farrow	0803	Y	N				
Hogs: Farrow/Finish	0804	Y	N				

Pennsylvania (Eastern)

Counties: Berks, Carbon, Columbia, Lackawanna, Lancaster, Lehigh Monroe, Northampton, Schuylkill, and York							
AGR Agriculture Commodities							
Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Lettuce	0604	N	N
Apples	0054	N	Y	Maple Sap	0645	N	N
Apricots	0098	N	Y	Maryland Tobacco	0232	N	Y
Asian Pears	0303	N	N	Melons (All Other)	0101	N	N
Asparagus	0607	N	N	Mini Pumpkins	0617	N	N
Barley	0091	N	Y	Mink	0824	Y	N
Bedding Plants	0630	N	N	Mushrooms	0654	N	N
Bees (Animals)	0843	Y	N	Nectarines	0102	N	Y
Bell Peppers	0104	N	Y	Nursery (FG & C)	0073	N	Y
Berries (Other)	0601	N	N	Oats	0016	N	Y
Blackberries	0302	N	P	Other Crops	0609	N	N
Blueberries	0012	N	Y	Other Fruits	0608	N	N
Broccoli	0620	N	N	Other Live Animals	0823	Y	N
Broilers	0962	Y	N	Other Vegetables	0646	N	N
Buckwheat	0865	N	N	Peaches	0034	N	Y
Cabbage	0072	N	P	Pears	0089	N	Y
Canola	0015	N	Y	Peppers (Other)	0627	N	P
Cantaloupe	0612	N	N	Plums	0092	N	Y
Cattle: Cow-calf	0800	Y	N	Popcorn	0043	N	Y
Cattle: Feedlot	0802	Y	N	Potatoes	0084	N	Y
Cattle: Stocker/Feeder	0801	Y	N	Poultry	0821	Y	N
Cauliflower	0621	N	N	Processing Beans	0046	N	Y
Celery	0658	N	N	Pumpkins	0605	N	P
Christmas Trees	0635	N	N	Raspberries	0679	N	P
Cigar Wrapper Tobacco	0236	N	Y	Rhubarb	0650	N	N
Clover	0668	N	Y	Rye	0094	N	Y
Corn	0041	N	Y	Seed (Other)	0626	N	N
Cucumbers	0603	N	N	Sheep and Lamb	0816	Y	N
Cut Flowers	0683	N	N	Sheep: Ewe/Lamb	0806	Y	N
Dairy	0847	Y	N	Sheep: Feedlot	0808	Y	N
Eggplant	0613	N	N	Sheep: Stocker/Feeder	0807	Y	N
Eggs	0841	Y	N	Snap Beans (Fresh Market)	0082	N	N
Fish/Aquaculture	0820	Y	N	Soybeans	0081	N	Y
Flower (Other)	0615	N	N	Squash (Other)	0669	N	N
Furs	0842	Y	N	Squash, Summer	0014	N	N
Game Birds	0304	Y	N	Strawberries	0110	N	P
Goats	0809	Y	N	Sunflowers	0078	N	Y
Gooseberries	0889	N	N	Sweet Cherries	0099	N	P
Gourds	0652	N	N	Sweet Corn (Fresh Market)	0044	N	Y
Grain Sorghum	0051	N	Y	Sweet Corn (Processing)	0042	N	Y
Grapes	0053	N	Y	Sweet Potatoes	0085	N	P
Green Peas	0064	N	Y	Tart Cherries	0100	N	N
Greenhouse	0600	N	N	Tomatoes (Fresh Market)	0086	N	Y
Greens (Other)	0631	N	N	Tomatoes (Processing)	0087	N	Y
Hay (Other)	0611	N	N	Vector Tobacco	0996	N	N
Herbs	0639	N	N	Watermelons	0040	N	N
Hogs: Farrow	0803	Y	N	Wheat	0011	N	Y
Hogs: Farrow/Finish	0804	Y	N	Winter Squash	0065	N	P
Hogs: Finish	0805	Y	N	Zucchini Squash	0640	N	N
Hot Peppers	0610	N	N				
Indian Corn	0651	N	N				
Kiwi	0978	N	N				

Pennsylvania (Western)

Counties: Crawford, Erie, Fayette, Westmoreland							
AGR Agriculture Commodities							
Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Kale	0614	N	N
Apples	0054	N	Y	Kohlrabi	0636	N	N
Asian Pears	0303	N	N	Leeks	0638	N	N
Barley	0091	N	Y	Lettuce	0604	N	N
Bedding Plants	0630	N	N	Maple Sap	0645	N	N
Bees (Animals)	0843	Y	N	Melons (All Other)	0101	N	N
Bell Peppers	0104	N	Y	Mini Pumpkins	0617	N	N
Berries (Other)	0601	N	N	Mink	0824	Y	N
Blackberries	0302	N	P	Mushrooms	0654	N	N
Blueberries	0012	N	Y	Nectarines	0102	N	Y
Broccoli	0620	N	N	Nursery (FG & C)	0073	N	Y
Broilers	0962	Y	N	Oats	0016	N	Y
Brussel Sprouts	0657	N	N	Onions	0013	N	Y
Cabbage	0072	N	P	Other Crops	0609	N	N
Cantaloupe	0612	N	N	Other Fruits	0608	N	N
Carrots	0624	N	N	Other Live Animals	0823	Y	N
Cattle: Cow-calf	0800	Y	N	Other Vegetables	0646	N	N
Cattle: Feedlot	0802	Y	N	Parsnips	0643	N	N
Cattle: Stocker/Feeder	0801	Y	N	Peaches	0034	N	Y
Cauliflower	0621	N	N	Pears	0089	N	Y
Christmas Trees	0635	N	N	Peppers (Other)	0627	N	P
Clover	0668	N	Y	Plums	0092	N	Y
Clover Seed	0655	N	N	Popcorn	0043	N	Y
Corn	0041	N	Y	Potatoes	0084	N	Y
Crown Vetch Seed	0305	N	N	Poultry	0821	Y	N
Cucumbers	0603	N	N	Pumpkins	0605	N	P
Cut Flowers	0683	N	N	Radishes	0625	N	N
Dairy	0847	Y	N	Raspberries	0679	N	P
Dry Beans	0047	N	Y	Rhubarb	0650	N	N
Dry Peas	0067	N	Y	Rye	0094	N	Y
Eggplant	0613	N	N	Seed (Other)	0626	N	N
Eggs	0841	Y	N	Sheep and Lambs	0816	Y	N
Escarole	0649	N	N	Sheep: Ewe/Lamb	0806	Y	N
Fish/Aquaculture	0820	Y	N	Sheep: Feedlot	0808	Y	N
Flowers (Other)	0615	N	N	Sheep: Stocker/Feeder	0807	Y	N
Furs	0842	Y	N	Snap Beans (Fresh Market)	0082	N	N
Game Birds	0304	Y	N	Soybeans	0081	N	Y
Garlic	0301	N	N	Spinach	0623	N	N
Goats	0809	Y	N	Squash (Other)	0669	N	N
Gourds	0652	N	N	Squash, Summer	0014	N	N
Grain Sorghum	0051	N	Y	Strawberries	0110	N	P
Grapes (American)	0972	N	Y	Sunflowers	0078	N	Y
Grapes (Hybrid)	0890	N	Y	Sweet Cherries	0099	N	P
Grapes (Vinifera)	0892	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Grass Seed	0660	N	N	Sweet Corn (Processing)	0042	N	Y
Green Peas	0064	N	Y	Swiss Chard	0653	N	N
Greenhouse	0600	N	N	Tart Cherries	0100	N	N
Greens (Other)	0631	N	N	Tobacco	0071	N	Y
Hay (Other)	0611	N	N	Tomatoes (Fresh Market)	0086	N	Y
Herbs	0639	N	N	Tomatoes (Processing)	0087	N	Y
Hogs: Farrow	0803	Y	N	Turnips	0619	N	N
Hogs: Farrow/Finish	0804	Y	N	Watermelons	0040	N	N
Hogs: Finish	0805	Y	N	Wheat	0011	N	Y
Honeydew	0642	N	N	Winter Squash	0065	N	P
Horseradish	0661	N	N				
Hot Peppers	0610	N	N				
Indian Corn	0651	N	N				

Virginia

Counties:

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

Independent Cities:

Chesapeake, Colonial Heights, Franklin, Hampton, Hopewell, Newport News, Norfolk, Petersburg, Poquoson,
 Portsmouth, Richmond, Suffolk, Virginia Beach, and Williamsburg

AGR Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa	0648	N	Y	Melons (All Other)	0101	N	N
Apples	0054	N	Y	Mini Pumpkins	0617	N	N
Asian Vegetables	0870	N	N	Mink	0824	Y	N
Asparagus	0607	N	N	Mixed Hay	0670	N	Y
Barley	0091	N	Y	Mixed Vegetables	0956	N	N
Bees (Animals)	0843	Y	N	Nectarines	0102	N	Y
Bell Peppers	0104	N	Y	Nursery (FG & C)	0073	N	Y
Berries (Other)	0601	N	N	Oats	0016	N	Y
Blackberries	0302	N	P	Okra	0629	N	N
Blueberries	0012	N	Y	Onions	0013	N	Y
Broccoli	0620	N	N	Other Crops	0609	N	N
Broilers	0962	Y	N	Other Fruits	0608	N	N
Cabbage	0072	N	P	Other Live Animals	0823	Y	N
Cantaloupe	0612	N	N	Other Vegetables	0646	N	N
Cattle: Cow-calf	0800	Y	N	Parsley	0641	N	N
Cattle: Feedlot	0802	Y	N	Peaches	0034	N	Y
Cattle: Stocker/Feeder	0801	Y	N	Peanuts	0075	N	Y
Cauliflower	0621	N	N	Peppers (Cubanelle)	0927	N	Y
Chinese Cabbage	0682	N	N	Peppers (Other)	0627	N	P
Christmas Trees	0635	N	N	Potatoes (Fresh Market)	0929	N	Y
Corn	0041	N	Y	Potatoes (Processing)	0930	N	Y
Cotton	0021	N	Y	Poultry	0821	Y	N
Cucumbers (Fresh Market)	0877	N	N	Processing Beans	0046	N	Y
Cucumbers (Processing)	0957	N	P	Pumpkins	0605	N	P
Dairy	0847	Y	N	Radishes	0625	N	N
Eggplant	0613	N	N	Raspberries	0679	N	P
Eggs	0841	Y	N	Rye	0094	N	Y
Endive	0883	N	N	Sheep and Lambs	0816	Y	N
Escarole	0649	N	N	Sheep: Ewe/Lamb	0806	Y	N
Fish/Aquaculture	0820	Y	N	Sheep: Feedlot	0808	Y	N
Flowers (Other)	0615	N	N	Sheep: Stocker/Feeder	0807	Y	N
Fresh Market Beans	0105	N	P	Soybeans	0081	N	Y
Furs	0842	Y	N	Spinach	0623	N	N
Game Birds	0304	Y	N	Squash (Other)	0669	N	N
Goats	0809	Y	N	Squash, Summer	0014	N	N
Gourds	0652	N	N	Strawberries	0110	N	P
Grain Sorghum	0051	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Grapes (Vinifera)	0892	N	Y	Sweet Corn (Processing)	0042	N	Y
Green Peas	0064	N	Y	Sweet Potatoes	0085	N	P
Greenhouse	0600	N	N	Table Grapes	0052	N	Y
Greens	0898	N	N	Tobacco	0071	N	Y
Greens (Other)	0631	N	N	Tomatoes (Fresh Market)	0086	N	Y
Hay (Other)	0611	N	N	Tomatoes (Processing)	0087	N	Y
Herbs	0639	N	N	Turf	0690	N	N
Hogs: Farrow	0803	Y	N	Turnips	0619	N	N
Hogs: Farrow/Finish	0804	Y	N	Watermelons	0040	N	N
Hogs: Finish	0805	Y	N	Wheat	0011	N	Y
Hot Peppers	0610	N	N	Winter Squash	0065	N	P
Indian Corn	0651	N	N	Zucchini Squash	0640	N	N
Leeks	0638	N	N				
Lettuce	0604	N	N				
Lima Beans	0906	N	Y				

Washington (Central)

Counties:
 Adams, Benton, Chelan, Douglas, Franklin, Grant, Kittitas
 Klickitat, Okanogan, Walla Walla, and Yakima

AGR Pilot Program Agriculture Commodities

Commodity Name	Code Num	Animal Y or N	MPCI Policy	Commodity Name	Code Num	Animal Y or N	MPCI Policy
Alfalfa (Irrigated)	0850	N	Y	Hogs: Farrow/Finish	0804	Y	N
Alfalfa (Non-irrigated)	0851	N	Y	Hogs: Finish	0805	Y	N
Alfalfa Seed	0107	N	P	Hops	0673	N	N
Apples	0054	N	Y	Kale Seed	0903	N	N
Apricots	0098	N	Y	Kohlrabi Seed	0905	N	N
Artichokes	0855	N	N	Melon Seed	0909	N	N
Asparagus	0607	N	N	Melons (All Other)	0101	N	N
Barley (Irrigated)	0856	N	Y	Mink	0824	Y	N
Barley (Non-irrigated)	0857	N	Y	Mint	0074	N	P
Bees (Animals)	0843	Y	N	Mustard Seed	0674	N	N
Berries (Other)	0601	N	N	Nectarines	0102	N	Y
Buckwheat	0865	N	N	Nursery (FG & C)	0073	N	Y
Cabbage	0072	N	P	Oats (Irrigated)	0914	N	Y
Canola (Irrigated)	0998	N	Y	Oats (Non-irrigated)	0915	N	Y
Canola (Non-irrigated)	0999	N	Y	Onion Seed	0671	N	N
Canola Seed	0866	N	N	Onions (Fall)	0916	N	Y
Cantaloupe	0612	N	N	Onions (Spring)	0917	N	Y
Carrot Seed	0634	N	N	Other Crops	0609	N	N
Carrots (Fresh Market)	0867	N	N	Other Fruits	0608	N	N
Carrots (Processing)	0868	N	N	Other Live Animals	0823	Y	N
Cattle: Cow-calf	0800	Y	N	Other Vegetables	0646	N	N
Cattle: Feedlot	0802	Y	N	Parsley Seed	0922	N	N
Cattle: Stocker/Feeder	0801	Y	N	Peaches	0034	N	Y
Chestnuts	0681	N	N	Pears	0089	N	Y
Christmas Trees	0635	N	N	Peppermint	0700	N	P
Cilantro Seed	0872	N	N	Peppers (Other)	0627	N	P
Clover Seed	0655	N	N	Plums	0092	N	Y
Corn	0041	N	Y	Popcorn	0043	N	Y
Cucumbers	0603	N	N	Potatoes	0084	N	Y
Cut Flowers	0683	N	N	Poultry	0821	Y	N
Dairy	0847	Y	N	Processing Beans	0046	N	Y
Dill Seed	0879	N	N	Prunes	0036	N	Y
Dry Bean Seed	0881	N	N	Pumpkin Seed	0932	N	N
Dry Beans	0047	N	Y	Pumpkins	0605	N	P
Dry Pea Seed	0882	N	N	Radish Seed	0686	N	N
Dry Peas	0067	N	Y	Raspberries	0679	N	P
Eggs	0841	Y	N	Rutabaga	0687	N	N
Endive Seed	0884	N	N	Seed (Other)	0626	N	N
Fish/Aquaculture	0820	Y	N	Sheep and Lambs	0816	Y	N
Flax Seed	0684	N	N	Sheep: Ewe/Lamb	0806	Y	N
Flower Bulbs	0887	N	N	Sheep: Feedlot	0808	Y	N
Flower Seed	0602	N	N	Sheep: Stocker/Feeder	0807	Y	N
Flowers (Other)	0615	N	N	Spearmint	0701	N	P
Fresh Market Beans	0105	N	P	Squash (Other)	0669	N	N
Furs	0842	Y	N	Squash Seed	0939	N	N
Game Birds	0304	Y	N	Strawberries	0110	N	P
Garlic	0301	N	N	Sugar Beets	0039	N	Y
Goats	0809	Y	N	Sunflower Seed	0955	N	N
Grain Sorghum	0051	N	Y	Sweet Cherries	0099	N	P
Grapes (Juice)	0891	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Grapes (Wine)	0893	N	Y	Sweet Corn (Processing)	0042	N	Y
Grass Hay (Irrigated)	0895	N	N	Sweet Corn Seed	0688	N	N
Grass Hay (Non-irrigated)	0896	N	N	Tart Cherries	0100	N	N
Grass Seed	0660	N	N	Tomatoes (Fresh Market)	0086	N	Y
Green Peas	0064	N	Y	Tomatoes (Processing)	0087	N	Y
Green Peas (Fresh Market)	0897	N	Y	Turnip Seed	0691	N	N
Greenhouse	0600	N	N	Wheat (Irrigated)	0948	N	Y
Greens (Other)	0631	N	N	Wheat (Non-irrigated)	0949	N	Y
Hay (Other)	0611	N	N	Wheat Seed	0947	N	N
Herbs	0639	N	N				
Hogs: Farrow	0803	Y	N				

Fiscal Year Information

1 General Information

The AGR policy provides coverage for a calendar tax year or fiscal tax year corresponding to the accounting period used by the insured when filing his or her tax return. The fiscal year covered by the AGR policy is an accounting period of 12 consecutive months ending on the last day of the twelfth month as long as the month is not December. For fiscal filers, the application and farm report must be submitted by January 31, of the calendar year in which the fiscal year begins. All other date specific requirements correspond to either the fiscal year's beginning or ending dates as specified in the policy. (e.g., beginning and ending inventories, filing claims, etc.)

1A **Short Tax Year.** Coverage is not provided for a short tax year (a tax period of less than 12 months). A short tax year may be required by IRS if the taxable entity was not in existence for an entire tax year, the accounting period changed (e.g., elects to use a fiscal year), or if a taxpayer dies on a day other than the last day of the tax year. 1/

1B **52-53 Week Tax Year.** For AGR purposes, a 52-53 week tax year is considered a 12-month fiscal year. For tax purposes, taxpayers may elect to use a 52-53 week tax year. IRS considers a 52-53 week tax year a fiscal year that varies from 52 to 53 weeks long but may not end on the last day of a month. A 52-53 week tax year must always end on the same day of the week. Taxpayers may choose to end the tax year on the same day of the week that:

B(1) Last occurs in a particular month, or

B(2) Occurs nearest to the last day of a particular calendar month. 1/

1C **Accounting.** Persons adopting a fiscal year must maintain their books and records and report their income and expenses using the same year. Once a tax year is chosen, the person must, with certain exceptions get IRS approval to change it. The due date for filing returns for:

C(1) Individuals (includes sole proprietors, partners, and S Corporation shareholders) and partnership tax returns is the 15th day of the 4th month after the end of the tax year.

C(2) The due date for filing returns for corporations and S Corporations is the 15th day of the 3rd month after the end of the tax year.

If the 15th day of the month falls on a Saturday, Sunday, or legal holiday, the due date is then the next business day. 1/

1/ IRS Publication 538 (Rev April 2001) <http://www.irs.gov/pub/irs-PDF/p538.pdf>

2 Example and Insurance Information

The following insurance information is provided to illustrate application of policy provisions and procedure, for an insured using a fiscal year. The example in Par. 3 uses this information.

Fiscal Year Example for the 2005 Insurance Year

Dates: The applicable sales closing date is January 31, 2005, the application was taken January 29, 2005, and the insured's fiscal year begins June 1 and it ends May 31.

Crops: The insured raises some early season fruits and vegetables, but the majority of the income is from potatoes and fruit (apples and pears) harvested in the fall. Early season fruits and vegetables are sold fresh market or harvested and delivered under contract at a specified price to a processor prior to May 31. The potatoes and fruit harvested in the fall are stored, and then sold during the following calendar year. However, some production generally remains in inventory on May 31 each year.

Coverage: 75 percent coverage level/90 percent payment rate. The adjuster verified that the intended commodity report for the insurance year had been substantially carried out during the farm inspection.

Approved AGR: \$128,420

Approved Expenses: \$102,850

Revenue to count: See facsimile Schedule F, Part I – Farm Income - Cash Method Accounting records, warehouse receipts, settlement sheets, sales records, accounts paid, cancelled checks, and the corporation's income tax return were provided. The adjuster verified that the correct amounts were reported on the substitute Schedule F and made the appropriate adjustments prior to calculating the revenue to count (allowable income from sold production for the insurance year). (\$114,950, Item 26 Claim for Indemnity)

Expenses for the insurance year: See facsimile Schedule F, Part II – Farm Expenses - Cash Method (\$88,750 total allowable expenses for the fiscal year).

Inventory: The entire beginning inventory as of June 1, 2005, was sold prior to May 31, 2006. The total allowable income sold from the beginning inventory was \$95,450. Sales receipts indicated that this amount was for production from commodities produced during the 2004 insurance year. The quantity sold agreed with the beginning inventory that was substantiated using delivery and farm storage records. Ending inventory as of May 31, 2006, was unsold at the time of the claim and had a local market value of \$62,400 as of 8/1/2006. Quantity was taken from storage/warehouse delivery records and from farm stored potato production measurements.

Accounts receivable: Total accounts receivable as of June 1, 2005, \$22,000. Accounts receivable as of May 31, 2005, totaled \$25,000.

Taxes filed: August 10, 2006.

3 Detail/2005 Example

- 3A **Tax Forms.** For IRS tax purposes, tax forms for the year in which the fiscal year begins are filed with IRS and the beginning and ending dates are entered on the form. (e.g., for the 2005 AGR insurance year, 2005 IRS tax forms will be used, June 1, 2005, will be indicated as the date the fiscal year begins, and May 31, 2006, will be indicated as date the fiscal year ends.)
- 3B **Insurance Year.** A fiscal year is twelve consecutive months ending on the last day of the twelfth month as long as the month is not December. (e.g., the insured's fiscal year begins June 1, 2005, and ends May 31, 2006.) The insurance year for administrative and reinsurance purposes is designated by the year in which the sales closing date occurs (e.g., 2005 insurance year for the January 31, 2006, sales closing date).
- 3C **Insurance Period.** For the year of application, coverage for commodities earning income during the fiscal year begins 10 days after the application was received. (E.g., coverage begins February 8, 2005.) A commodity is considered to earn income if it is normally harvested, purchased for resale, or produced (animals and commodities held to realize a gain in revenue due to an increase in maturity/size) during the fiscal year. Commodities, whose income is earned (generally harvested) prior to the beginning of the fiscal year, are not covered. (E.g., the early season fruits and vegetables harvested prior to June 1, 2005, are not covered; however, the early season fruits and vegetables generally harvested in the spring of 2006 prior to June 1, 2006, are covered.)
- 3D **Intended Commodity Report.** Fiscal filers must report, by the sales closing date (e.g., January 31, 2005), all covered commodities from which they expect to earn income during the fiscal year (e.g., fruit and potatoes to be harvested in the fall of 2005, and early season fruit and vegetables to be harvested in the spring of 2006 prior to May 31).
- 3E **Inventories.** Beginning and ending inventories are completed indicating commodities in inventory as of the first and last day of the fiscal year respectively. (E.g., beginning inventory as of June 1, 2005, and ending inventory as of May 31, 2006. The beginning inventory for the 2005 insurance year must be reported no later than June 30, 2005.)
- E(1) **For cash tax filers,** allowable income earned during the twelve months comprising the fiscal year is accrued to the fiscal year if an indemnity is claimed, regardless of when the commodity is sold.
- E(2) **Income earned the previous insurance year,** but sold and reported to IRS during the current fiscal year, is removed from revenue to count via the inventory report (e.g., \$95,450).

E(3) **Commodities harvested, purchased for resale, or produced during the fiscal year** and on inventory at the end of the fiscal year are valued and are considered revenue to count for the insurance year for claims purposes. (E.g., \$62,400 is the market value of the ending inventory as of the first day of the month when the claim was completed.)

(3)(a) For claims purposes, the value of the beginning inventory is subtracted from the market value of the ending inventory. (E.g., \$62,400 - \$95,450 = <\$33,050>) and is entered in Item 27 of the Claim for Indemnity.

1 If a positive number, it is added to revenue to count.

2 If a negative number, it is subtracted from revenue to count (e.g., <\$33,050>).

3F **Accounts Receivable.** Beginning and ending accounts receivable are completed as of the first and last day of the fiscal year respectively (e.g., beginning accounts receivable as of June 1, 2005, and ending accounts receivable as of May 31, 2006). For claims purposes, revenue to count for accounts receivable is determined by subtracting beginning accounts receivable from ending accounts receivable (e.g., \$25,000 - \$22,000 = \$3,000) and entered in item 28 of the Claim for Indemnity:

F(1) If a positive number, it is added to revenue to count. (e.g., \$3,000).

F(2) If a negative number, it is subtracted from revenue to count.

3G **Settling Claims.** The corresponding year's farm tax form must be filed before a claim can be settled. To be eligible for an indemnity, an insured must:

G(1) File his or her farm income taxes no later than the first day of the seventh month after the end of the fiscal year (e.g., no later than December 1, 2006 **without an extension.**); and

G(2) Submit the claim not later than 60 days after filing the farm income taxes (e.g., no later than October 9, 2006). See Part 3, Section 28, Par. B.

4 **Income and Expense Information.**

4A **Substitute Schedule F Form** submitted for insurance purposes by Valley View Farms Inc.

Substitute SCHEDULE F (Form1040), for fiscal Year 6/2005/2006

Name of Proprietor: Valley View Farms Inc.	Social security number (SSN)
A Principal Product: Fruit and Vegetables	B Code: 111900
C Accounting Method: Cash	D EIN Number, if any XXXXXXXXXX
D Materially Participated in the operation in 2005? Yes	

PART I- Farm Income – Cash Method

1 Sales of livestock and other items you bought for resale	1	
2 Cost or other basis of livestock and other items reported on line 1	2	
3 Subtract Line 2 from line 1	3	
4 Sales of livestock, produce, grains and other products raised	4	\$98,500
5a Total Cooperative Distributions.....\$4,880	5b Taxable amount	5b \$4,880
6a Agricultural Program Payments....\$18,200	6b Taxable amount	6b \$18,200
7 Commodity Credit Corporation (CCC) loans		
a CCC loans reported under election.....	7a 7c	_____
b CCC loans forfeited 7b	7c Taxable amount	
8 Crop Insurance Payments and certain disaster payments:		
a Amount received in 2005\$10,860	8b Taxable amount	8b <u>\$10,860</u>
c If election to defer to 2006 check here ~	8d Deferred from 2004	
9 Custom hire (machine work) income	9	\$4,200
10 Other income, include Federal and state gas or fuel tax credit/refund	10	\$2,400
11 Gross income. Add lines 3 through 10. If accrual method taxpayer enter the amount from page 2 line 51.....	11	\$139,040

PART II – Farm Expenses – Cash Method

12 Car & Truck	\$3,250	25 Pension and profit-sharing plans	
13 Chemicals	\$7,520	26 Rent or Lease	
14 Conservation	\$2,640	a Vehicles, machinery & equipment...	\$3,550
15 Custom Hire (machine work)	\$3,900	b Other (land, animals, etc.).....	\$3,200
16 Depreciation and Sec. 179	\$3,500	27 Repairs and maintenance	\$5,500
17 Employee benefit programs		28 Seed & plants purchased	\$3,410
18 Feed purchased		29 Storage & Warehousing	
19 Fertilizers and lime	\$11,200	30 Supplies Purchased	\$3,780
20 Freight & trucking	\$3,550	31 Taxes	\$5,450
21 Gasoline, fuel, & oil	\$11,350	32 Utilities	\$4,550
22 Insurance (other than health)	\$2,650	33 Veterinary, breeding & medicine	
23 Interest:		34 Other expenses (specify):	
a Mortgage (paid to banks, etc.).....	\$4,250	a Association memberships.....	\$350
b Other.....	\$10,250	b Computer/software, etc. ½.....	\$750
24 Labor hired (less employment credits).....	\$22,300	c Legal fees.....	\$950
		d Miscellaneous.....	\$450
		e	
35 Total Expenses. Add lines 12 through 34 f.....			\$118,300
36 Net farm Profit or (loss). Subtract line 35 from line 11.....			\$20,740
37 If you have a loss you MUST check the section.....			

4B **Accounting Information** (Schedule F Equivalent) submitted by Valley View Farms, Inc. and verified using the insured's marketing and expense records.

Allowable Income (Revenue to Count, line 26 AGR Claim Form)

Line 4, the insured reported net sales of commodities in the amount of \$98,500 to IRS.

Sales receipts	(gross)	\$103,050
Removed packing and grading costs (not allowed)		\$ 2,200
Removed storage and warehousing costs (allowable)**		<u>\$ 2,350</u>
		\$ 98,500

** will be added to line 17 expenses and line 26 revenue on the AGR Claim Form. Storage and Warehousing (if not cold or controlled atmosphere storage) must be added back to expenses and income for AGR purposes, when net sales income is used and the storage and warehousing expense is not listed on the tax form. See part 1, Section 25, Par. D.

Line 5b, includes distributions for the insurance year in the amount of \$3,240 (\$3,240 of \$4,880 is allowable) that was directly related to sale of insurable agricultural commodities.

Line 8a, 2005 MPCl apple crop insurance indemnity \$10,860.

Allowable Expenses

Line 10, is all Federal and state gasoline and fuel tax refunds.

Line 16, does NOT include livestock depreciation.

Line 29, does not indicate storage and warehousing costs since net sales of agricultural commodities was reported to IRS.

Line 30, does NOT include any supplies used in post-production operations.

Line 34a, yearly cooperative marketing association membership fees directly related to marketing the production of agricultural commodities.

Line 34b and c, deductible farm expenses not directly related to the production of agricultural commodities.

Line 34d, miscellaneous expense (seed treatment) directly related to the production of agricultural commodities.

Claim for Indemnity

5A **Pre-headed blank claim**, with policyholder information.

5B **Completed claim**, with total allowable expenses, total revenue to count, and accrual adjustments for the fiscal year.

FOR ILLUSTRATION PURPOSES ONLY

FCI-74 AGR
(10-98)

U.S. DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation

AGR CLAIM FOR INDEMNITY WORKSHEET

1 State Code XX	- County Code XXX	2 Unit 00100	3 Farm Headquarters Phone XXX-XXX-XXXX	9 Agency Information: Name: I. R. AGENT Address: 2222 ANY ST. ANY TOWN, MI XXXXX Telephone Number: XXX-XXX-XXXX Code Number: XXXXX	10 Name of Insured Valley View Farms INC	11 Insurance 2005 6/05-05/06
4 SSN/EIN XXXXXXXXXX		5 Entity Type Corporation		12 Claim Number XXXXXXXXXX	13 Policy Number XXXXXXXXXX	
6 Date of Damage Jun 10	Jul			14 Date(s) of Notice 06/11/05	1 st	2 nd
7 Cause of Damage Hail 21	Drought 11			Final 08/15/06		
8 Primary Cause % 60					15 Companion Policy(s)	
16 Coverage Level/Payment Rate 75/90						

CALCULATION OF CLAIM FOR INDEMNITY

Expenses For Insurance Year 17	Approved Expenses Insurance Year 18	Expense Percentage (.xxx) 17 18 = 19 19	Expense Reduction Percentage (.xxx) (70% - 19) = 20 20	Approved AGR 21	Expense Reduction Dollar Amount 20 x 21 = 22 22	AGR Adjusted For Expenses 21 - 22 = 23 23	Coverage Level Percentage (.xxxx) 24	Revenue Guarantee 23 x 24 = 25 25	Revenue to Count Insurance Year 26
Inventory Adjustment (+ -) 27	Accounts Receivable Adjustment (+ -) 28	Total Adjustment To Revenue To Count 26 + 27 (+ -) + 28 (+ -) = 29 29		Revenue Deficiency 25 - 29 = 30 30	Payment Rate Percentage (.xxxx) 31	Indemnity 30 x 31 = 32 32	Premium Due 33	Balance Due Insured 32 - 33 = 34 34	

35 Narrative:

36 Date Current Year Taxes Filled 08/10/06	37 Is damage similar to other farms in the area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	38 Assignment of Indemnity? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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The information I have furnished on this form is complete and accurate. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. ' ' 1006 and 1014; 7 U.S.C. ' 1506, 31 U.S.C. ' ' 3729 and 3730 and other federal statutes.

39 Adjuster's Signature and Code Number (Final Inspection)	Date	40 Insured's Signature (Final Inspection)	Date
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FOR ILLUSTRATION PURPOSES ONLY

FCI-74 AGR
(10-98)

U.S. DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation

OMB No. 0563-0053

AGR CLAIM FOR INDEMNITY WORKSHEET

1 State Code XX	- County Code XXX	2 Unit 00100	3 Farm Headquarters Phone XXX-XXX-XXXX	9 Agency Information: Name: I. R. AGENT Address: 2222 ANY ST. ANY TOWN, MI XXXXX Telephone Number: XXX-XXX-XXXX Code Number: XXXXX	10 Name of Insured Valley View Farms INC	11 Insurance 2005 6/05-5/06
4 SSN/EIN XXXXXXXXXX		5 Entity Type CORPORATION		12 Claim Number XXXXXXXXXX	13 Policy Number XXXXXXXXXX	
6 Date of Damage Jun 10	Jul			14 Date(s) of Notice 1 st 06/11/05	2 nd	Final 08/15/06
7 Cause of Damage Hail 21	Drought 11			15 Companion Policy(s)		
8 Primary Cause % 60			16 Coverage Level/Payment Rate 75/90			

CALCULATION OF CLAIM FOR INDEMNITY

Expenses For Insurance Year 17	Approved Expenses Insurance Year 18	Expense Percentage (.xxx) 17 18 = 19 19	Expense Reduction Percentage (.xxx) (70% - 19) = 20 20	Approved AGR 21	Expense Reduction Dollar Amount 20 x 21 = 22 22	AGR Adjusted For Expenses 21 - 22 = 23 23	Coverage Level Percentage (.xxxx) 24	Revenue Guarantee 23 x 24 = 25 25	Revenue to Count Insurance Year 26
88,750	102,850	.863	0	128,420	0	128,420	.7500	96,315	114,950
Inventory Adjustment (+-) 27	Accounts Receivable Adjustment (+-) 28	Total Adjustment To Revenue To Count 26 + 27 (+-) + 28 (+-) = 29 29		Revenue Deficiency 25 - 29 = 30 30	Payment Rate Percentage (.xxxx) 31	Indemnity 30 x 31 = 32 32	Premium Due 33	Balance Due Insured 32 - 33 = 34 34	
-33,050	+3,000	84,900		11,415	.9000	10,274	0	10,274	

35 Narrative: SCHEDULE F AND APPLICABLE FARM REPORTS ATTACHED TO VALIDATE INFORMATION.

17 Expenses: 3,250, + 7,520 + 2640 + 3,900 + 11,200 + 3,550 + 11,350 + 2,650 + 22,300 + 5,500 + 3,410 + 2,350 + 3,780 +4,550 + 350 + 450 = 88,750

26 REVENUE: To Count: 98,500 + 3,240 + 10,860 + 2350 = 114,950

27 Inventory Adjustment: (Ending) 62,400 - 95450 (Beginning) = (33,050) 28 Accounts Receivable: (Ending) 25,000 - 22,000 (Beginning) = 3,000

36 Date Current Year Taxes Filled 08/10/2006	37 Is damage similar to other farms in the area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	38 Assignment of Indemnity? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
---	---	--

The information I have furnished on this form is complete and accurate. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. ' ' 1006 and 1014; 7 U.S.C. ' 1506, 31 U.S.C. ' ' 3729 and 3730 and other federal statutes..

39 Adjuster's Signature and Code Number (Final Inspection) I. R. ADJUSTER XXXXX	Date 08/25/2006	40 Insured's Signature (Final Inspection) Valley View Farms INC By I. M. Insured President	Date 08/25/2006
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Expected Value Guidelines

1 **Expected Value.** The local market price minus the cost of post-production operations, if applicable, that the insured expects to receive for insured commodities that will earn income during the insurance period. For commodities purchased for resale, the cost or other basis is subtracted from the local market price. These values are then entered on the Intended Commodity Report (Col.16).

1A **If the expected values differ significantly,** for the same commodity, separate lines should be indicated on the Intended Commodity Report to accurately determine the commodity's expected income. If sufficient lines are not available for data acceptance purposes [See Part 2, Par. 20B] a weighted average expected value must be determined that accurately reports the expected income.

Separate lines for the same commodity must be summed for data acceptance and premium calculator purposes.

1B **Elements that may affect prices producers receive,** for the same commodity include: the types or varieties of commodities produced, types of markets used when selling the commodity (e.g., fresh, processing, juice, wine, wholesale, and retail, markets.), acreage/production with specified contract prices verses. acreage/production with open market prices, free tonnage raisins verses reserve tonnage raisins, and different planting/harvesting periods. When multiple planting/harvesting periods result in significant differences in expected values (early market verses later market prices) for the same commodity, a weighted average market price for the commodity must be determined that accurately reflects the expected income.

2 **Required adjustments.** The expected value must not include the cost of post-production operations [see definition of post-production operations] and the cost or other basis of commodities purchased for resale; these costs must be subtracted from the expected gross sales price.

For vertically integrated operations that perform their own post-production operations and for operations/entities consisting of person(s) with a substantial beneficial interest in another entity that performs the post-production operations or has a substantial beneficial interest in another entity that buys or contracts for the purchase of the insured entity's commodities, then the reported expected market values for such commodities must be consistent with those available from objective sources. Adjustments made for the cost of post-production operations must be customary and reasonable and comparable to disinterested third party costs.

3 **Methods for Establishing Expected Values.** The expected value, less the cost of post-production operations and cost of commodities purchased for resale, if applicable, must be realistic and consistent with available market information and take into account price cycles and trends. Higher market values may be justified for commodities (type of variety if applicable) produced for markets with higher values (e.g., certified organic market, certified seed, malting barley, etc.) than those listed.

- 3A Contracted Price.** Use the contracted price, less the cost of post-production operations, if applicable, if the commodity is under a contract to be sold at a specified price by the time the annual farm report is filed (e.g., contracts with processors, packers, marketing cooperatives, commodity brokers, and cash forward contracts, etc.). If the contracted price is renegotiated (lowered) after the farm report is filed, the farm report must be revised to reflect the lower contracted price. If the commodity is not under contract to be sold at a specified price when the farm report is filed, a contracted price does not apply and an open market price is used.
- 3B Futures Contract Price.** For Barley, Corn, Grain Sorghum, Oats, Rice, Soybeans, Upland Cotton and Wheat not under contract, harvest month futures contract prices prior to sales closing provide an objective starting point and are the source of price information used in other revenue insurance contracts such as Crop Revenue Coverage (CRC), Revenue Assurance (RA) and Income Protection (IP). Harvest month futures prices must be adjusted for local basis; i.e. the expected difference between the harvest futures price at harvest time and local cash price at harvest. Futures prices are determined as follows:
- B(1)** For Corn, Oats, Rice, Soybeans, Upland Cotton and Wheat, determine the nearest commodity exchange trading the insured commodity. Use the December average daily settlement price, for the commodity's month of harvest (or nearest to harvest) contract price less the local basis. For example, for soft red winter Wheat in Washington, use the December average daily settlement price (nearest commodity exchange) for the following year month of harvest (July) soft red winter wheat futures contract price and subtract the local basis.
- B(2)** For Barley and Grain Sorghum, use the nearest commodity exchange trading corn. For Barley use 85 per cent of the December average daily settlement price for corn futures contract price for the month of barley harvest. For Grain Sorghum use 95 per cent of the December average daily settlement price for the corn futures contract price for the month of grain sorghum harvest. The average local basis is built into the percentages indicated; therefore, no basis adjustment is necessary.
- 3C Other Price Sources.** For commodities that are not under contract to be sold at a specified price and are not listed in Paragraph 3B, use the previous year's season average price for the commodity (variety or type if applicable) from available data sources as an estimate of realistic market values when reviewing the producer's reported expected values. The previous year's season average price should be adjusted for obvious price cycles and market trends. Some possible sources recommended by RMA for this purpose include:
- C(1) Agricultural Market News Service (AMS-USDA) Reports,**
<http://www.ams.usda.gov>

Market News Reports

<http://www.ams.usda.gov/marketnews.htm>

Archive Market News Reports

<http://www.ams.usda.gov/lsmnpubs/mnsearch.htm>

C(2) **Commodity Broker Reports,**

C(3) **District Crush Reports,**

C(4) **Packer/Processor Reports,**

C(5) **Marketing Cooperative Reports, and**

C(6) **National Agricultural Statistics Service (NASS) Seasonal Average Prices for the Previous Year.**

<http://www.usda.gov/nass/pubs/reportname.htm>

Agricultural Prices-Annual

<http://usda.mannlib.cornell.edu/reports/nassr/price/zab-bb/>

Crop Values

<http://usda.mannlib.cornell.edu/reports/nassr/price/zcv-bb/>

C(7) **Economic Research Service (ERS)**

<http://www.ers.usda.gov/>

ERS Season Average Grower Prices (national) Yearbooks

<http://www.ers.usda.gov/publications/outlook/>

<http://www.mannlib.cornell.edu/data-sets/specialty/89011/>

ERS Commodity Costs and Returns

<http://www.ers.usda.gov/costsandreturns/testpick.htm>

**Units of Measure
AGR Codes**

UNIT MEASURE	UNIT ABBREVIATION Col 15, Annual Farm Report	UNIT NUMERIC CODE Data Automation System
ACRE	ACRE	20
BAG/SACK	BG/SK	11
BALE	BALE	12
BARREL	BARRL	10
BOX	BOX	13
BUSHEL	BU	01
CARTON	CTN	14
DOZEN	DOZ	15
EACH	EACH	97
FLAT	FLAT	16
GALLON	GAL	07
HEAD	HEAD	17
HIVE	HIVE	18
HUNDREDWEIGHT	CWT	03
LUG	LUG	19
OTHER	OTHER	99
OUNCE	OZ	05
PACKAGE	PACKG	21
PECK	PECK	09
PINT	PINT	06
PLANT	PLANT	22
POUND	POUND	02
PURCHASED FOR RESALE	PFR	**98
QUART	QT	08
SQUARE FOOT	SQ/FT	23
TON	TON	04

** If the crop code is 0073or 0600 the unit code will be 98.
If the unit code is 98 the Expected Value field will be zero.

See FCIC-M13 Data Acceptance System (DAS)Handbook for line/record rounding rules. For units of measure listed on this chart that are not listed in the DAS Handbook, round to whole numbers in a 2-position decimal field.

CO-OPERATIVE CASH PAYMENTS AND ALLOCATIONS

Patrons marketing agricultural commodities through co-operatives that distribute the proceeds from the sale of crops in cash and in allocations require special handling to accurately determine the revenue to count for the insurance year when calculating claims for indemnities. Cash payments are made on a crop year basis; however, they may be distributed over a number of years. Allocations are made annually on a crop year basis, and are considered non-cash distributions by co-operatives. Allocations include Allocation Credits and Permanent Equity Capital Credits, which comprise patron equity in the co-operative. For AGR, allocations are classified as cooperative distribution income directly related to the sale of agricultural commodities.

- 1 CASH PAYMENTS.** Cash payments are distributed on a crop year (per unit of measure for the crop) basis. During each harvest season a "cash advance" is distributed (weekly by some co-operatives) following delivery of the patron's crop. Subsequent cash payments are distributed to patrons according to the co-operative's payment schedule for the crop (e.g., for production harvested in the 2005 crop year, a co-operative may make 2005 harvest cash payments on a weekly basis, four cash payments in 2006, four cash payments in 2007, and a final cash payment in January of 2008).
- 2 NON-CASH ALLOCATIONS.** Non-cash allocations are distributed annually on the co-operative's tax year basis according to the co-operative's schedule. For example: each year, a co-operative retains 10-30 percent of the patron's net grape proceeds, documents the amount by issuing Allocation Credits (80-100% of the amount retained) and Permanent Equity Capital Credits (0-20% of the amount retained).

 - 2A Allocation Credits** reach full face value at the maturity date specified by the Co-operative (e.g., 20 years); however, the producer may exercise the option of redeeming a crop year's Allocation Credits (series) prior to the maturity date (e.g., a co-operative may make a practice of calling each series of allocation credits 6 years and one month after issuance). Patrons are subject to Federal Income Tax on the full stated value of qualified written notices of Allocation Credits in the year they are issued (e.g., notices are typically issued in January following harvest). Patrons may sell allocation credits to a broker prior to reaching full face value at reduced values.
 - 2B Permanent Equity Capital Credits** are a source of the cooperative's working capital. The co-operative's policy governs repayment, partial repayments, payback options, and if excess Permanent Equity Capital Credits will be distributed in the form of Allocation Credits or refunded as cash. Patrons are subject to income tax on the full stated value in the tax year received (allocated). Cash refunds are not generally subject to Federal Income Tax since they were taxable to the patron when allocated.
 - 2C Non-cash allocations are subject to Federal Income Tax** when received, therefore, it is not necessary to maintain a year-to-year balance for AGR purposes.

- 3 FULL STATED VALUE (TOTAL PROJECTED EARNINGS)** Total projected earnings are the sum of cash payments (cash harvest advances + projected subsequent year cash payments) and non-cash allocations (allocation credits + permanent equity capital credits). Crops marketed in this manner will be considered to have been sold at a specified price and total projected earnings used to determine the dollar amount of accounts receivable when calculating indemnities.
- 4 DOCUMENTATION FOR CLAIMS** The accounts receivable form will be used to document beginning and ending accounts receivable that are related to cash payments and non-cash payments from marketing co-operatives.
- 4A Beginning accounts receivable** include cash and non-cash allocations for a previous insurance year that were reported to IRS during the current insurance year. Allocations are valued at the full face value received (e.g., \$12,115 cash payments and \$10,200 projected non-cash allocations from the 2004 insurance year received/reported to IRS in 2005).
- 4B Ending Accounts receivable**, for the current insurance year, is the difference between the total projected earnings for the insurance year and the cash payments received/reported to IRS during the insurance year. (E.g., total projected earnings for 2005 Concord Grapes were \$48,271 and the insured received \$21,773 in cash harvest advances, which were reported to IRS via a 1099.) The insured will receive \$26,498 in future projected cash and non-cash payments from the co-operative and are documented as ending accounts receivable for Concord Grapes for claims purposes.
- 4C Adjustments.** The total dollar amount of beginning accounts receivable are subtracted from the total dollar amount of the ending accounts receivable. If a positive amount, it is added to revenue to count; if a negative amount, it is subtracted from the revenue to count (Item 28, AGR Claim for Indemnity).

Part II – Accounts Receivable				
15 Commodity	16 Buyer	17 Beginning Amount (Dollars)	18 Ending Amount (Dollars)	19 Balance (Col 18 – 17(+/-))
Concord Grapes 2004 Crop	Grape Cooperative	(Cash) \$12,115	Sold - 0 -	<\$12,115>
Concord Grapes 2004 Crop	Grape Cooperative	(Allocations) \$10,200	- 0 -	<\$10,200>
Concord Grapes 2005 Crop	Grape Cooperative	- 0 -	\$26,498	\$26,498
			20 Total Accounts Receivable	
			Adjustments (+/-)	+ \$4,183

Agricultural Program Payments

<u>Agricultural Program Payments</u>	<u>Allowable Income</u>	<u>Income for Claims</u>
Loan Deficiency Payment (LDP)	No	No
Production Flexibility Contracts Agricultural Market Transition Act (AMTA)	No	No
Direct Counter-Cyclical Payments (DCP) (Replaces Production Flexibility Contracts and MLA)	No	No
Conservation Reserve Program (CRP)	No	No
Conservation Reserve Enhancement Program (CREP)	No	No
FSA Loans (including Emergency Loans)	No	No
Noninsured Crop Disaster Assistance Program (NAP)	No	Yes
Ad Hoc Disaster Payments	No	No
Market Loss Assistance Program (MLA)	No	No
Commodity Loans - Commodity Credit Corporation (CCC)	Yes	Yes
Sugarbeet - Payment in Kind	Yes	Yes **
Marketing Orders - Cranberry, Tart Cherries	Yes	Yes **

** The payment is considered allowable income; however, the revenue lost due to complying with the PIK program or the marketing order is not covered.

Allowable Expense Worksheet

Use the optional Allowable Expense Worksheet to analyze, adjust (subtract expenses reported to IRS that are not allowable expenses for AGR) and document the adjustments made to amounts reported on Schedule F to determine AGR allowable expenses. Use the worksheet to adjust EACH of the five years of the history period. After adjustments are complete, enter the adjusted amount in the Allowable Expenses Column (Column 9) of the AGR Revenue Report. For a claim year, the same adjustments are required to determine the correct allowable expenses.

- 1 **Complete the Allowable Expense Worksheet first**, because POST-PRODUCTION EXPENSE adjustments are carried forward as adjustments to the ALLOWABLE INCOME worksheet.
- 2 **Enter the amount from Schedule F**, exactly as filed, in Column 1 (Amount from Schedule F) of the worksheet.
- 3 **Review the Schedule F line by line** for adjustments for AGR allowable expenses. If necessary, write a brief explanation of why the adjustment is made and how the amount is calculated.
 - 3A **Subtract the amounts from lines considered not to contain AGR allowable expenses** (lines 17, 23a, 23b, 25, 26a, 26b and 31 are excluded). Enter an "A" in Column 3 (Code) and enter the amount in Column 4 (Expense Adjustment).
 - 3B **If any expense line includes POST-PRODUCTION expenses**, enter the amount in Column 2 (Post-Production Expense). Enter a "B" in Column 3 (Code). If tax form income is reported as gross income that includes post-production costs, the post-production costs (added value) must be removed. Once post-production expenses have been determined, transfer the amount in Column 2 to the Allowable Income Worksheet (Column 2) and code it as a post-production adjustment "B".
 - 3C **If any AGR allowable expense line includes INDIRECT expenses**, use Column 4 (Expense Adjustment) to reduce the expenses reported on the tax return to arrive at AGR ALLOWABLE EXPENSES. Enter an "H" in Column 3 (Code) and the amount of indirect expenses in Column 4.
 - 3D **Insureds must provide payroll, processor or other records** to determine how much of any tax return expense should be considered a POST-PRODUCTION EXPENSE or an INDIRECT EXPENSE.
- 4 **Subtract the Post-Production Expenses** (Col. 2) **and/or the AGR Expense Adjustment** (Col. 4) from the amount reported on Schedule F (Col.1) and enter the remainder in Column 5 (AGR Allowable Expense).
- 5 **Sum each column down**. Check the Subtotals row across (Subtotals Col. 5 + Col. 4 + Col. 2 = Col. 1) to make sure that the worksheet calculates correctly across and down. Enter total adjustments (Subtotals Col. 2 + Col. 4) in Item (7): Subtotal Col. (1) less Item (7) equal allowable AGR expenses (must equal subtotal Col. 5).

ALLOWABLE EXPENSE WORKSHEET

ADJUSTMENT CODES		Carry cost of post-production adjustments to the Income Worksheet.				
A	Line specifically excluded					
B	Cost of post-production operations					
H	Not directly related to production					
I	Other – explain the adjustment made					
Schedule F Part II- for all taxpayers						
Line Number	Description Tax Year: _____	(1) Amount From Schedule F	(2) Post Production Expenses	(3) Code	(4) AGR Expense Adjustment	(5) AGR Allowable Expense
12	Car and truck expenses					
13	Chemicals					
14	Conservation expenses					
15	Custom Hire					
16	Depreciation and Sec. 179					
17	Employee benefit programs					
18	Feed purchased					
19	Fertilizers and lime					
20	Freight and trucking					
21	Gasoline, fuel and oil					
22	Insurance					
23a	Mortgage interest					
23b	Other interest					
24	Labor hired					
25	Pension and profit-sharing					
26a	Equipment rent/lease					
26b	Other rent/lease					
27	Repairs and maintenance					
28	Seeds and plants					
29	Storage and warehousing					
30	Supplies purchased					
31	Taxes					
32	Utilities					
33	Veterinary, breeding & medicine					
34a						
34b						
34c						
34e						
34f						
(6) Subtotals: Total Columns (1), (2), (4), and (5).						
(7) Total Adjustments: Add Subtotals of Cols. (2) and (4)						
(8) Allowable AGR Expenses: Subtotal Col. (1) minus Total Adjustments Item (7) . Must Equal Subtotal Col. (5)						

Attach continuation sheet if needed.

Allowable Income Worksheet

For AGR underwriting purposes, use the optional Allowable Income Worksheet to analyze, adjust (subtract income reported to IRS that is not allowable income for AGR), and document the adjustments made to amounts reported on Schedule F to determine AGR allowable income. Use the worksheet to adjust EACH of the five years of the history period. After adjustments are complete, enter the amount in the Allowable Income Column (Col. 8) on the AGR Revenue Report. For a claim year, see Exhibit 10 for adjustments to determine the correct allowable income.

- 1 **Complete the AGR Expense Worksheet first**, because POST-PRODUCTION EXPENSE adjustments are carried forward as adjustments to the ALLOWABLE INCOME WORKSHEET.
- 2 **Enter the amount from Schedule F**, exactly as filed, in Column 1 (Amount from Schedule F) of the worksheet.
- 3 **Review the Schedule F line by line** for adjustments for AGR allowable income. If necessary, write a brief explanation of why the adjustment is made and how the amount is calculated.
 - 3A **Remove amounts from lines considered not to contain AGR allowable income** (lines 6b, 8b, 8d and 9 are excluded). Enter the amount reported on these lines in Column 2 (Income Adjustment); enter an "A" in Column 3 (Code).
 - 3B **If any AGR allowable income line includes POST-PRODUCTION expenses**, enter the post-production costs in Column 2 (Post-Production Expenses). Enter the applicable code "B" in Column 3 (Code). Refer to the Exhibit 8, Allowable Expense Worksheet, Column 2 for the amount of post-production expenses.
 - 3C **If any line not excluded in 3A includes income from commodities not insurable under the AGR policy**, enter the amount in Column 2 (AGR Income Adjustment) to reduce the income reported on the tax return to arrive at AGR ALLOWABLE INCOME. Enter code "I" in Column 3 and explain the adjustment.
 - 3D **Insureds must provide payroll or other records** to determine how much of any tax return expense should be considered a POST-PRODUCTION EXPENSE or income that is not insured by the AGR policy.
- 4 **Subtract the Income Adjustment**, the amount entered in Column 2, from the amount reported on Schedule F (Col.1) and enter the remainder in Column 4 (AGR Allowable Income).
- 5 **Sum each column down**. Check the Subtotals row (5) across (Subtotals Col. 4 + Col. 2 = Col. 1) to make sure that the worksheet calculates correctly across and down. Enter total adjustments from Col. (2) in Item (6). Subtotal Col.(1) less total adjustments Item (6) equal AGR allowable income. This amount must equal Subtotal Col. 4.

ALLOWABLE INCOME WORKSHEET
(For AGR Revenue Report)

ADJUSTMENT CODES					
A	Line specifically excluded	F	Disaster payments		
B	Cost of post-production operations	G	Net gain from commodity hedges		
C	Co-op dividends not directly related	H	Not directly related to production		
D	Agricultural program payments	I	Other - explain the adjustment made		
E	Crop insurance payments				
Schedule F Part I - for cash basis taxpayers (accrual taxpayers use part III)					
Line Number	Description Tax Year: _____	(1) Amount From Schedule F	(2) AGR Income Adjustment	(3) Code	(4) AGR Allowable Income
1	Sales of items bought for resale				
2	Cost or other basis of line 1				
3	line 1 less line 2				
4	Sales of items you raised				
Less: adjustments for "post production"					
4.1					
4.2					
4.3					
4.4					
4.5					
4.6					
4.7					
4.8					
5b	Taxable coop distributions				
6b	Taxable AG program payments				
7a	CCC loans under election				
7c	Taxable CCC loans forfeited				
8b	Taxable crop ins proceeds				
8d	Taxable deferral from prior year				
9	Custom hire income				
10	Other income (details below)				
10.1					
10.2					
10.3					
10.4					
10.5					
10.6					
10.7					
10.8					
(5) Subtotals: Total Columns (1), (2) and (4).					
(6) Total Adjustments: Subtotal Col. (2)					
(7) Allowable AGR Income: Subtotal Col. (1) minus Total Adjustments Item (6). Must Equal Subtotal Col. (4)					

Attach continuation sheet if needed.

CASH BASIS WORKSHEET FOR AGR CLAIMS

Use this optional worksheet to analyze a CASH BASIS Schedule F filed for an AGR claim year, accrue cash basis allowable income and determine the revenue to count for AGR claims. This worksheet will assist in completing and calculating AGR claims correctly and may be used to document the adjustments necessary to determine the total revenue to count for the claim. See Exhibit 8 instructions and Allowable Expense Worksheet when making adjustments for allowable expenses for a claim year.

PART 1: ADJUSTMENTS TO AMOUNTS REPORTED ON SCHEDULE F: Use Part 1 to make the following adjustments to income reported on Part 1 of Schedule F.

- 1 **Complete the Allowable Expense Worksheet first**, because POST-PRODUCTION EXPENSE ADJUSTMENTS are carried as adjustments to the Cash Basis Worksheet.
- 2 **Enter the income from Part I of Schedule F** for the claim year (AGR Insurance Year), exactly as filed, in Column 1 of the worksheet.
- 3 **Review each income line**, line by line and make adjustments for AGR allowable income. For any AGR income adjustment, enter the amount in Column (2) (AGR INCOME ADJUSTMENT), and the applicable code in Column (3) (CODE). If necessary, write a brief explanation of how the adjustment is calculated. Subtract the amount:
 - 3A **Reported on Line 9**. Line 9 is excluded because it does not contain AGR allowable income or revenue to count for claims if Schedule F is properly completed.
 - 3B **Of post-production expenses**. [See Exhibit 8.]
 - 3C **Of Income from commodities not insurable under the AGR policy**. [See Exhibit 9.]
- 4 **Additional Claims Income**. The following income is not included for underwriting (the 5-year revenue entered on the Revenue Report). HOWEVER, IT MUST BE INCLUDED as revenue to count for claims purposes. Use Column (2) to adjust amounts reported on Schedule F as follows:
 - 4A **Any insurance payment(s)** for damage to insured commodities (MPCI, hail, fire, etc.) for the claim year, REGARDLESS of when it is received (line 8(b) Schedule F) must be included. Subtract income received for a prior year. Add income that will be received in a subsequent year.
 - 4B **Noninsured Crop Disaster Assistance Payment (NAP)** associated with the claim year REGARDLESS of when it is received (line 6b Schedule F) must be included. Subtract income received for a prior year. Add income that will be received in a subsequent year.
 - 4C **Net gain from commodity hedging** associated with the AGR insurance year claim must be used. Subtract income received for a prior year. Add income that will be received in a subsequent year [see Par. 6].

4D **Revenue to count due to causes of loss not covered** by the AGR policy (revenue to count due to uninsured causes of loss assessed by the loss adjuster) is not reported on the Schedule F. However, it is accounted for in Col. 5 of the Cash Basis Worksheet for AGR Claims.

5 **Revenue to Count (Item 26) AGR Claim for Indemnity Worksheet.** Add the subtotals of Columns (4) and (5). Enter the sum in Item 26 of the AGR Claim for Indemnity Worksheet.

PART 2: ACCRUAL REVENUE ADJUSTMENTS: Use Part 2 to make accrual adjustments to (cash basis Schedule F) to Revenue to Count (Item 26 of the AGR Claim for Indemnity) for Inventories and Accounts Receivable. Taxpayers using cash accounting are not required to maintain and utilize inventories and accounts receivable for IRS purposes. However, for AGR insureds are required to maintain and provide accurate documentation of inventories and accounts receivable for claims purposes [see Part 2, Par. 21 and Part 3, Par., 26A].

6 **Inventory adjustments for commodities raised (Col 6).** The adjustment is plus or minus the change in value of the beginning and ending inventories. Subtract the value of the beginning inventory from the value of the ending inventory. Add the total inventory adjustments Column (6) (plus or minus) and Column (7) (plus or minus) and enter the total in Item 27 of the AGR Claim for Indemnity. Value beginning and ending inventories as follows:

6A **Beginning inventory value,** is the market price received for a prior year commodity if sold prior to the time the claim is finalized. For beginning inventory that is not sold prior to the time the claim is finalized, the beginning inventory is valued at the fair market value (AGR local market value) on the first day of the month in which the claim is finalized. Values are less cost of post-production operations if applicable. See example, beginning inventory in 6B.

6B **Ending inventory value,** for a commodity produced during the claim year, is the market price (AGR actual price received) if sold prior to the time the claim is finalized. Any remaining claim year production of the commodity remaining in inventory not sold prior to the time the claim is finalized is valued at the fair market value (AGR local market value) on the first day of the month in which the claim is finalized (local market value is less cost of post-production operations if applicable).
Example:

Beginning Inventory	Value	Ending Inventory	Value
1000 Bu.		1000 Bu.	
500 Bu. sold @ \$4.00 (MP)	\$2000		
500 Bu. not sold, valued @ \$3.00 (FMV)	\$1500	500 Bu. beginning inventory carried forward @ \$3.00 (FMV)	\$1500
		500 Bu. Claim year crop carried forward @ \$3.00 (FMV)	\$1500
Beginning value for claim	\$3500	Ending value for claim.	\$3000
Inventory Adjustment: \$3000 – \$3500 = <\$500> carried forward to Item 27 of the Claim for Indemnity Worksheet. The 1000 Bu. ending inventory becomes the next year’s beginning inventory for the commodity.			

- 7 **Inventory adjustments for livestock (animals) or crops purchased for resale (Col 7).**
The adjustment is plus or minus the change in value of the beginning and ending inventories. Subtract the value of the beginning inventory from the value of the ending inventory. Enter the total inventory adjustments Column (6) (plus or minus) and Column (7) (plus or minus) in item 27 of the AGR Claim For Indemnity. Value beginning and ending inventories as follows:
- 7A **Beginning value**, is the fair market price (AGR local market value) on the first day of the insurance year (less the cost if applicable).
- 7B **Ending value**, the fair market price (AGR local market value) on the last day of the insurance year (less cost if applicable.)
- 8 **Adjustments for accounts receivable (Col 8)** the adjustment is plus or minus the difference between the dollar amount of the beginning and ending accounts receivable. Accounts receivable amounts are valued as follows:
- 8A **Beginning value**, is the collectable dollar amount or, if sold during the claim year, the dollar amount actually received.
- 8B **Ending value**, for a commodity produced during the claim year is the dollar amount specified in the contract prior to any discount that would reflect the insured's inability to collect the full amount or to market the commodity if the account is sold at less than full value (sold to a factor). Subtract the dollar amount of the beginning accounts receivable from the dollar amount of the ending accounts receivable. Enter the amount (plus or minus) in Column (8) (Accounts Receivable) and transfer it to Item 28 of the AGR Claim for Indemnity Worksheet.
- 9 **Total Adjustment to Revenue to Count (Item 29) AGR Claim for Indemnity Worksheet.** To Item 26 of the AGR Claim for Indemnity Worksheet, add the sum of the subtotals of Columns (6), (7) and (8) and then enter this total amount (not less than zero) in Item 29 of the AGR Claim for Indemnity Worksheet.

CASH BASIS WORKSHEET FOR AGR CLAIMS

ADJUSTMENT CODES

A	Line specifically excluded	D	Agricultural program payments	G	Net gain from commodity hedges
B	Cost of post-production operations	E	Crop insurance payments	H	Not directly related to production
C	Co-op dividends not directly related	F	Disaster payments	I	Other - explain the adjustment made

PART 1: ADJUSTMENTS TO AMOUNTS REPORTED ON SCHEDULE F

PART 2: ACCRUAL REVENUE ADJUSTMENTS

Schedule F (Part I - for cash basis taxpayers)							PART 2: ACCRUAL REVENUE ADJUSTMENTS		
Line #	Description Tax Year: _____	(1) Amount From Schedule F	(2) Plus Or Minus Income Adjustment	(3) Code	(4) AGR Allowable Income and Revenue to Count For Claims	(5) Plus: Adjustor's Valuation Of Lost Revenue Attributed To Uninsured Cause	For Inventoried Crops Raised:	For inventoried Livestock, And Inventoried Commodities Purchased For Resale:	Accounts Receivable: Commodities Raised Or Purchased For Resale
							(6) Plus Or Minus The Change In Value Of Beginning And Ending Inventories. If Sold Use MP, If Not Sold Use Ending FMV (Less cost)	(7) Plus Or Minus Change In FMV Of Beginning And Ending Inventories (Less Cost)	(8) Plus Or Minus Change In Dollar Amount Of Beginning And Ending Accounts Receivable (Less Cost)
1	Sales of items bought for resale								
2	Cost or other basis of line 1								
3	line 1 less line 2								
4	Sales of items you raised								
Less: adjustments for "post production"									
4.1									
4.2									
4.3									
5b	Taxable coop distributions								
6b	Taxable AG program payments								
7a	CCC loans under election								
7c	Taxable CCC loans forfeited								
8b	Taxable crop ins proceeds								
8d	Taxable deferral from prior year								
9	Custom hire Income								
10	Other income (details below)								
10.1									
10.2									
10.3									
(9) Subtotals: Total Cols. (1), (2), and (4)-(8)									
(10) Total AGR Adjustments: Subtotal of Col. (2) plus or minus									
(11) Allowable Income/Revenue to Count: Item (9) Subtotal Col (1), plus or minus Item (10). Must equal subtotal Col. (4).									
							(12) Revenue to Count: Add Subtotals of Cols. (4) and (5). Transfer the total to Revenue to Count Insurance Year (Item 26) of the AGR Claim for Indemnity.		
							(13) Total Inventory Adjustments: Add Subtotals of Cols. (6) and (7) and transfer total to Inventory Adjustment (Item 27) of the AGR Claim for Indemnity.		
							(14) Transfer Subtotal of Col (8) to Accounts Receivable (Item 28) of the AGR Claim for Indemnity.		

(RESERVED)