

United States
Department of
Agriculture



Risk
Management
Agency



Product
Administration
And Standards
Division

ADJUSTED GROSS REVENUE STANDARDS HANDBOOK

FCIC-18050 (1-2007) 2007 and Succeeding Insurance Years

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

FEDERAL CROP INSURANCE HANDBOOK	NUMBER: FCIC 18050 (01-2007)	
SUBJECT: ADJUSTED GROSS REVENUE STANDARDS HANDBOOK 2007 AND SUCCEEDING INSURANCE YEARS	OPI: Product Administration and Standards Division (PASD)	
	APPROVED	DATE
	<i>/S/ Tim B. Witt</i>	<i>01/22/2007</i>
	Deputy Administrator, Product Management	

HANDBOOK FCIC-18050 (01-2007) CONTAINS THE OFFICIAL RMA-APPROVED UNDERWRITING, ADMINISTRATION, AND LOSS ADJUSTMENT STANDARDS FOR AGR FOR 2007 AND SUCCEEDING INSURANCE YEARS. ALL REINSURED COMPANIES WILL UTILIZE THESE STANDARDS FOR UNDERWRITING, LOSS ADJUSTMENT, AND FOR LOSS TRAINING.

FCIC-18050 (01-2007) is the Adjusted Gross Revenue Standards Handbook issued for 2007 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 Insurance Year 2007 Issuance: FCIC-18050 (01-2007).** Updated references to dates throughout the handbook to correspond to the 2007 insurance year.

- 2 Updated the Handbook to Conform to the Document and Supplemental Standards Handbook (DSSH).** The AIP must also refer to the DSSH for form requirements, Privacy Act and Nondiscrimination Statements when developing AGR forms.
 - A If a different certification statement or other information is required than indicated in the DSSH on an AGR form, the required statement, and/or information will be indicated in the instructions for the form in this handbook.

 - B The signature blocks and Privacy Act, Nondiscrimination, and Certification Statements were removed from the examples contained in this handbook.

SUMMARY OF CHANGES/CONTROL CHART (Continued)

3 Other Clarifications and Changes

A Part 1, Section 4, ABBREVIATIONS.

Added abbreviations for Approved Insurance Provider (AIP), Economic Research Service (ERS), Data Acceptance System (DAS), Document and Supplemental Standards Handbook (DSSH), and Noninsured Crop Disaster Assistance Program (NAP), and Substantial Beneficial Interest (SBI).

B Part 1, Section 6, DEFINITIONS

- (1) Added “verifiable supporting records” to the AGR expense and income history definitions. Such records may be requested by the insurance provider on an individual case basis to verify the accuracy of reported allowable AGR expenses and allowable AGR income.
- (2) Added “Farm Operation”, “Non-substantive”, “Pass-through Entity”, and “Pass-through Income” definitions.
- (3) Added “Generally Recognized” definition and revised “Good Farming Practices” definition to agree with the changes to section 13(d) section of the AGR Policy.
- (4) Updated “Linkage Requirement” definition.
- (5) Shortened the definition of qualifying person by moving the criteria that must be met to Part 2, Section 11A(1).
- (6) Updated “Waiver (Linkage)” definition.
- (7) Updated “Verifiable Records” definition to agree with the changes made to the AGR policy.

C Part 1, Section 7, RESPONSIBILITIES

- (1) Par. 7A and 7B, were updated to reflect the current Product Administration and Standards Division's name.
- (2) Par. 7B(10), updated the Farm Report Audit section to more accurately reflect quality control review language in the Standard Reinsurance Agreement.
- (3) Par. 7C(4)(e), added as an additional agent responsibility, assisting producers in filing requests to use a previous tax entity's tax returns.
- (4) Par. 7D(1)(a), updated the Annual Farm Report certification statement.

SUMMARY OF CHANGES/CONTROL CHART (Continued)

- (5) Par. 7D(4)(c), updated marketing records to include the current definition of verifiable records.
- (6) Par. 7D(6), added a separate paragraph indicating specific changes to farming operations that insureds must report to the AIP.

D Part 2, Section 11, GENERAL UNDERWRITING RULES AND ADMINISTRATIVE REQUIREMENTS

- (1) Par. 11A(1), modified qualifying person requirements to correspond to the changes made to the AGR policy.
- (2) Par. 11A(3), changed good farming practice provisions to agree with the changes made to the AGR policy.
- (3) Par. 11A(7)(b), clarified that indemnities paid by another insurance policy for damage or loss to a commodity that is not covered by the AGR policy, are not considered revenue to count for AGR indemnities.
- (4) Par. 11D(2), changed the language regarding payment of administrative fees by a third party to agree with ARPA Provisions.

E Part 2, Section 12 APPLICATION FOR INSURANCE

- (1) Par. 12A, clarified that the originating pass-through entity has the insurable share of pass-through income and that the insured must be the person as designated for income tax purposes on the U.S. Income Tax Return.
- (2) Par. 12D(5)(b), clarified that the premium from a crop insured under the authority of the act whose revenue is not covered by the AGR policy is not used to reduce the AGR liability for premium calculation purposes.

F Part 2, Section 13 TAX/INSURED'S ENTITY CHANGES

- (1) Par. 13-13B, extensive changes were made throughout the section to agree with the changes made to section 4(e) of the AGR policy.
- (2) Par. 13C, changes were made to clarify how to administer entity changes for carryover insureds.

G Part 2, Section 15 COVERAGE LIMITATIONS

Par. 15B, clarified that NAP is not available for commodities insured under AGR in counties that AGR is available and that FSA should be contacted for linkage requirements.

SUMMARY OF CHANGES/CONTROL CHART (Continued)

H Part 2, Section 20 ANNUAL FARM REPORTS

Par. C(1), clarified that in addition to changes in tax entities, insureds must report to the AIP, changes in accounting methods (cash/accrual) and tax years (calendar/fiscal).

I Part 3, Section 25, GENERAL ACCOUNTING STANDARDS

- (1) Provided guidance that the general accounting standards applied when underwriting or completing claims for indemnities for AGR policies. Pointed out that when applicable, separate instructions were provided for underwriting or claims purposes.
- (2) Par. 25C(3)(i), Indicated that a producer should not be able to obtain both NAP and AGR Indemnity Payments for the same insurance year.

J Part 3, Section 28 CLAIM FOR INDEMNITY

- (1) Par. A(3), for carryover insureds clarified that there is not a gap in coverage for carryover insureds for damage, due to an unavoidable natural disaster, that occurred the previous insurance year that reduces the revenue during the current insurance year.
- (2) Par. 28B, updated the language concerning Federal tax filing tax extensions to more accurately reflect IRS extension rules.
- (3) Par. 28E, updated the Arbitration Section to include mediation and incorporate general information consistent with mediation and arbitration provisions of the AGR policy.

K Part 4, Section 30 GENERAL STANDARDS FOR FORM ENTRIES

Added a new section containing information relating to forms standards and the use of the DSSH.

L Part 4, Section 33 APPLICATION INSTRUCTIONS

Items 13A, 26, and 27 were added which indicate required information and required statements.

M Part 4, Section 34 ANNUAL FARM REPORT INSTRUCTIONS

Items 26 and 27 were added to indicate required information and required statements.

SUMMARY OF CHANGES/CONTROL CHART (Continued)

N Part 4, Section 35 INVENTORY AND ACCOUNTS RECEIVABLE REPORTS

- (1) Item 12, clarified market price determinations for beginning and ending inventories.
- (2) Items 23 and 24 were added to indicate required information and required statements.

O Part 4, Section 36 AGRICULTURAL COMMODITY PROFILE

Items 12 and 13 were added to indicate required information and required statements.

P Part 4, Section 37 ANIMAL INVENTORY/ACCOUNTING WORKSHEET

Items 20 and 21 were added to indicate required information and required statements.

Q Part 4, Section 38 CLAIM FOR INDEMNITY ENTRIES AND COMPLETION INSTRUCTIONS

Items 42 and 43 were added to indicate required information and required statements.

R Part 4, EXHIBITS

- (1) Exhibit 1, BLANK DOCUMENTS, was removed and all remaining exhibits renumbered.
- (2) Exhibit 2, AGRICULTURAL COMMODITY CODES BY AREA was updated to correspond to the changes made to the Actuarial Document Master in the Premium Calculator for the 2007 insurance year.
- (3) The MPCl Policy availability code was changed for:
 - (a) Mustard (0069) and Fish/Aquaculture (0820), to P.
 - (b) Fresh Market Beans (0105), Cucumbers (Pickling) (0878), Pumpkins (0605), Raspberries (0679), Blackberries (0302), Blackberries (Evergreen) (0861), Blackberries (Marion) (0862), Boysenberries (0863), Loganberries (0907), Raspberries (Black) (0933), Blackberries (Red) (0934), to N.
 - (c) Cucumbers Processing (0957), to N.

SUMMARY OF CHANGES/CONTROL CHART (Continued)

- (4) Exhibit 3, EXPECTED VALUE GUIDELINES updated information concerning futures contract prices that are to be used to establish objective methods for establishing expected market prices used on the Intended Commodity Report section of the Annual Farm Report.

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(RESERVED)

PART 1 GENERAL

1 PURPOSE

The FCIC-issued standards for Adjusted Gross Revenue (AGR) are the official standard requirements for underwriting and loss adjusting AGR contracts. The FCIC issued standards for AGR and insurance year are in effect as of the signature date for the handbook at <http://www.rma.usda.gov/handbooks/18000/>.

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 loss adjustment standards identified in 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 2007 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 **Approved Insurance Providers.** Approved Insurance Providers must use this handbook to develop any appropriate underwriting, administration, accounting and loss adjustment procedures and training materials. Such material must be consistent with the standards in this handbook. **Insurance Providers may provide additional internal guidelines or procedures for underwriting and adjusting losses on their insurance contracts.**

3B **Specific Entry Standards.** These standards provide entry-specific standards. Approved Insurance Providers' forms and procedures must comply with these standards.

4 ABBREVIATIONS

- ACT The Federal Crop Insurance Act, (7 U.S.C. 1501 et seq.)
- AGR Adjusted Gross Revenue
- AIP** **Approved Insurance Provider**
- 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
- ERS** **Economic Research Service**
- DAS** **Data Acceptance System**
- DSSH** **Document and Supplemental Standards Handbook FCIC-24040**
- FSA Farm Service Agency
- FCIC Federal Crop Insurance Corporation
- IRS Internal Revenue Service
- LAM Loss Adjustment Manual

MPCI	Multiple Peril Crop Insurance
NAP	Noninsured Crop Disaster Assistance Program
NASS	National Agriculture Statistical Service
PHTS	Policyholder Tracking System
RMA	Risk Management Agency
SBI	Substantial Beneficial Interest
USA	United States of America
USDA	United States Department of Agriculture

5 FORMS AND PROCEDURES

- 5A **Approved Insurance Providers.** Approved Insurance Providers must use RMA-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 AIP.

It is the AIP'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 AIP's form of 5 consecutive tax years of allowable expenses prior to the year immediately preceding the insurance year (a lag year). The AIP 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 **and supporting verifiable records requested** by the AIP on an individual case basis.

AGR Income History - A written record on the AIP's form of 5 consecutive tax years of allowable income prior to the year immediately preceding the insurance year (is a lag year). The AIP 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 **and supporting verifiable records requested** by the AIP 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.);
- (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.)

* Part I-Cash Method

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

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].

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

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 AIP 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 AIP 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 3, for additional information

Farm operation - All of the farming activities for which income and expenses are reported to IRS under a single taxpayer identification number. For example, if you are a partnership that files a U.S. Return of Partnership Income that includes the income and expenses from separate row crop, perennial crop and livestock farming activities, the separate farming activities are included in the partnership farm operation for AGR purposes.

Farm Report - A required report that must be submitted to the AIP 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 2.

Generally recognized - When agricultural experts or the organic agricultural industry, as applicable, are aware of the production method or practice and there is no genuine dispute regarding whether the production method or practice allows the commodity to make normal progress toward maturity and produce at least the allowable income used to determine the approved AGR.

Good Farming Practices - The marketing practices and production methods utilized to produce the insured agricultural commodities and allow them to make normal progress toward maturity resulting in at least the allowable income used to determine the approved AGR, which are: (1) For conventional or sustainable farming practices, those generally recognized by agricultural experts for the area; or (2) for organic farming practices, those generally recognized by the organic agricultural industry for the area or contained in the organic plan. Good farming practices will include replacing (or replanting crops) damaged or lost agricultural commodities when the allowable income from the sale of such agricultural commodities will exceed the cost of replacing or replanting the agricultural commodity. The AIP may, or the insured may request the AIP to, contact RMA to determine whether or not production methods will be considered to be good farming practices.

Gross Income - Income prior to removal of expenses.

Inspection - An on-farm visit by the AIP'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 for a 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 occurring during the current or previous insurance period. For insureds with fiscal tax years, coverage is provided for the fiscal year that begins after January 31 of the insurance year and ends on the last day of the twelfth month after the fiscal year begins (for example, if the fiscal year begins June 1, 2007 and ends May 31, 2008 coverage for the 2007 insurance year is provided for that 12 month time period).

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 AIP. 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, 2006, 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, 2007, the beginning inventory for the 2007 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, 2007, 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, 2008, the ending inventory for the 2007 insurance year will include the production or amount of the agricultural commodity under contract. The **ending inventory** 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/SLB_Farmer/ for the actual dollar amount adjusted for inflation.

Linkage Requirement - Is the legal requirement that a producer must obtain crop insurance as condition of eligibility for certain USDA programs. Linkage requirements are outlined in the administering agency's procedures and are administered by FSA. Where AGR is available AGR may be used to meet the linkage requirement.

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 AIP. 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 AIP or agent. If the insured had an AGR policy the previous insurance year, that person is not a new insured.

Non-Substantive - A term used by RMA informing the AIP that the items(s) may be included on a form at the AIP's discretion.

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.

Pass-through Entity - Typically a partnership, S-corporation, or a limited liability corporation (LLC) and may include some trusts. An entity which reports its business and investment activity to the IRS including detailed schedules of how the income and expense items "pass-through" to individual owners (or trustees of a trust or an estate) who are responsible for any associated tax liabilities. Originating pass-through entities may insure their farming activity under AGR.

Pass-through Income - An income tax term referring to income which is earned by an entity and reported to the IRS by that entity, but which is not taxable to the originating entity because it "passes through" shares of the income and expenses to the entity's owners who are liable for any associated taxes. AGR will only insure the income earned and reported by the originating pass-through entity. Pass-through income received by an owner of a pass-through entity can not be insured by the individual owner.

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 AIP 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 that meets all of criteria contained in section 4 of the AGR Policy [see 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 AIP must be able to verify accuracy of this report by use of IRS tax forms and when requested by the AIP, 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, insurance years produced, dates of the transactions, and dollar amounts of sales.

Substantive - A term used by RMA informing the AIP that the items(s) must be included on a form.

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 AIP (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. If the insured sells directly to consumers (direct market), written records developed contemporaneously with the sale and used to determine taxes paid on the farm tax forms must be provided. If the insured processes or packs the insured commodities, the insured must provide final settlement sheets showing disposition of the insured agricultural commodities and marketing records reconcilable with income reported for tax purposes for the insured entity.

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

Waiver (Linkage) - A document, when signed by a producer may or may not satisfy linkage requirements depending on the FSA's program requirements. Linkage requirements are outlined in FSA procedures.

Waiver (Administrative Fees) - A document that, when signed by a limited resource farmer and approved by the AIP, 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 Administration and Standards Division**

A(1) **Establish the minimum standards** and guidelines for administration, underwriting, and loss adjustment functions.

A(2) **Maintain and update the AGR Pilot Program Insurance Policy; and**

A(3) **Provide guidance and clarification**, as needed, regarding these standards.

7B **Approved Insurance Providers**

B(1) **Comply with and implement the standards** (DSSH requirements) established by the **Product Administration and Standards 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 AIP 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 the insured has complied with all contract provisions and requirements** for AGR Insurance.
- B(8) **Approve requests for 80 percent coverage levels**, 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 (File Review).** Allowable income and expense entries on the Revenue Report are compared to **income and expenses reported on the insured's Schedule F (substitute schedule F if applicable). When substitute schedule F submitted, supporting records are reviewed to verify the accuracy of amounts reported.** The Intended Agricultural Commodity Report and Report of Changes are also reviewed. The verifier assures entries have been made according to procedure, all required entries have been made and that prices reported for commodities are reasonable when compared to market value guidelines according to Exhibit 3. 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 AIP 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 AIP 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 an AGR policy is selected for a quality control review, 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 required when selected as:

(10)(a) Quality control reviews under the Standard Reinsurance Agreement including:

- 1 Program reviews,
- 2 Conflict of interest Reviews,
- 3 Claims in excess of \$100,000,
- 4 Consecutive Loss Adjuster Reviews, and
- 5 Large claims reviews (Claims in excess of \$500,000)

- (10)(b) Discretionary Field Reviews/Inspections for policies selected by the AIP:
- 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 the 80 percent coverage level.**
- 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.
 - (4)(e) Requests to use a previous tax entity's tax returns.
- 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 AIP 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, AIPs may correct errors in AGR computations or in the application of RMA-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 the 80 percent coverage level** 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 AIP's representative. If necessary, AIPs 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 the **Farm Report form, the documents** MUST BE ACCOMPANIED BY THE FOLLOWING SIGNED CERTIFICATION STATEMENT to be acceptable:

"I certify that **to the best of my knowledge and belief all** of the information on this form **is correct**. 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 **sanctions under my policy, including but not limited to voidance of the policy, and** 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) **and any other applicable federal statutes.**"

(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 AIP 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 AIP 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 AIP of the acreage added and of the intended commodities. If the AIP does not permit revision of the Intended Commodity Report the insured must maintain separate accounting records that are acceptable to the AIP 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 AIPs 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 AIP 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 AIP within 15 days of the original notice of loss. However, an AIP 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 AIP 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 AIP does not inspect the agricultural commodity within seven days after notification, the insured may take such action without the AIP's consent. If the AIP determines that expenses associated with the sale of an agricultural commodity would be greater than the allowable income from the sale, the AIP 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 AIP to inspect the damaged agricultural commodity;
 - 2 Allow the AIP to remove samples to determine the extent of damage; and
 - 3 Provide the AIP with records and documents requested and permit the AIP to make copies.
- (4)(c) Upon the AIP's request;

- 1 Provide a complete marketing record from a disinterested third party of each agricultural commodity. For production that was sold directly to consumers, written records developed contemporaneously with the sale of the commodities must be provided. If the insured processed or packed insured commodities, final settlement sheets showing the disposition of the commodities and marketing records reconcilable with the income reported for tax purposes must be provided;
 - 2 Submit to examination under oath; and
 - 3 Establish the total production and 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 AIP 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 AIP 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 AIP.

- (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 AIP requires to settle the claim.

D(6) Reporting Changes to The Farming Operation that may affect AGR coverage. Insureds must report any:

- (6)(a) Planned operational changes for the insurance year that may reduce the allowable income below the average income history on the Annual Farm Report.
- (6)(b) Change in tax accounting methods (i.e., cash to accrual accounting or visa versa).
- (6)(c) Change in tax year (i.e., fiscal tax year to calendar tax year or visa versa).
- (6)(d) Change in tax entity (e.g., formation of a partnership or corporation).

8 INSURANCE CONTRACT INFORMATION

The AIP 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 AIPs 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 AIP on a form complying with RMA standards** (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 3 for Expected Value Guidelines);
 - (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;
 - (5)(e) **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; **and**
 - (5)(f) **Any IRS changes** such as a change in the accounting method (cash/accrual), tax year (calendar/fiscal) or tax entity (husband and wife, partnership, corporation).
- 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.

(b)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).

- (b)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 raisins, prunes and for cured/dried tobacco. Expenses associated with the curing or drying of tobacco to prepare the tobacco for market are not subtracted from the market price to determine the local market value. Prunes and raisins are separate insurable commodities from plums and grapes and their revenue is covered by the AGR policy.

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 AIP 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/Entity: To be considered a qualifying person, the insured must meet all of the following criteria:

(1)(a) Be a person [see definition of person];

- (1)(b) Be engaged in the business of farming and derive 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)(c) If insured as an individual, be a United States citizen or resident;
- (1)(d) If insured as a corporation, partnership, or trust, be permanently established in the United States and file either a Schedule F or submits other tax forms that contain the same information that is provided on the Schedule F tax form;
- (1)(e) File a United States income tax return (tax return) for each year of AGR income and expense history that is for the same taxpayer (tax entity) as the insured entity for the current insurance year unless the insured's tax entity (taxpayer identification number) changed and the insured meets ALL of the criteria for use of the previous tax entity's tax returns, provides the required documentation timely and the AIP approves their use [see Part 2, Section 13B].
- (1)(f) 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 2 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.** With respect to good farming practices [see good farming practices definition] the AIP will make decisions regarding what constitutes a good farming practice and determinations of assigned revenue to count for uninsured causes for an insured's failure to use good farming practices. The insured may not sue the AIP for a decision that the insured failed to use good farming practices. However, if the insured disagrees with the AIP's:

(3)(a) Decision of what constitutes a good farming practice, in accordance with the administrative process established by FCIC [See MGR -05-010], the insured must request a determination from RMA of what constitutes a good farming practice before filing suit against FCIC. When requested, RMA will make a determination regarding what constitutes a good farming practice. If the insured does not agree with this determination, the insured may:

1 Request reconsideration by RMA in accordance with the reconsideration process published at 7 CFR part 400, subpart J; or

2 File suit against FCIC in the United States district court for the district in which the insured acreage is located (the insured is not required to request reconsideration before filing suit). The suit must be filed not later than one year after the determination made by RMA or, if reconsideration is requested, completion of the reconsideration.

(3)(b) Determination of the amount of assigned revenue to count for failure to use good farming practices, the insured must use the arbitration or mediation process as contained in AGR policy.

A(4) **Term.** AGR policies are continuous contracts and remain in force until: 1) canceled in writing by either the insured or the AIP on or before the cancellation date for the effective insurance year, 2) the policy is terminated by the AIP because the applicable administrative fee or any other unpaid amount (e.g., overpaid indemnity, premium) was not paid, 3) voided by the AIP, or 4) the AGR program is terminated by RMA. The cancellation and termination dates are January 31 for all states.

A(5) **Cancellation.** The insured or AIP 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 AIP 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/AIP and the AIP(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 AIP 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 RMA or the AIP) and the unpaid premium/debt has not been satisfied. If a policy transfer is involved, a policy issued by a different AIP will be terminated for existing indebtedness. RMA 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 AGR liability) 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 **payment** received from another policy for damage or loss to agricultural commodities covered by the AGR policy is considered as revenue to count for AGR indemnity purposes.

Conversely, indemnities paid by another insurance policy for damage or loss to a commodity that is not covered by the AGR policy (e.g., timber, animals for show, and Pasture, or Rangeland insured under the Pasture Rangeland and Forage Policy) is not considered revenue to count for AGR indemnities.

- A(8) **Duplicate AGR Policies Are Not Permitted.** AIPs 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 AIP determines duplicate AGR coverage exists and was intentional, the insured may be subject to the fraud provisions stated in the AGR policy. RMA 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 AIP 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. **Contact FSA 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 generally prohibited from paying administrative fees on producers'/insureds' behalf. Only cooperative and trade associations qualifying under the ARPA Rebating Provisions §508(b)(5)(B)i and §508(b)(5)(B)ii and 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 AIP. 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:
- (4)(a) Have been insured for the 2005 or prior insurance/crop year,
- (4)(b) Have had the administrative fee waived for one or more of those crop years and
- (4)(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 RMA but are unavailable, a photocopy or carbon copy of an original insurance document may be used if CERTIFIED by the AIP. The copy MUST be marked or stamped "Certified True Copy," signed, and dated by the AIP's authorized representative.

EXAMPLE:

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

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. **A Bona fide interest** is income to be earned from insurable agricultural commodities as an owner-operator, landlord, tenant, or sharecropper. **For AGR purposes an owner's interest in pass-through income [see definition] from a pass-through entity [see definition] may not be insured by the recipient. Such income may only be insured in full by the originating pass-through entity (e.g., a partnership with more than one owner). The originating pass-through entity reports the income and expenses to IRS, files Schedule F (or completes substitute Schedule F for AGR purposes), and maintains the supporting records that are required to participate in the AGR program. The insured must be the same person/entity as designated for income tax purposes on the U.S. Income Tax Return (e.g., Form 1040, Form 1065 or Form 1120).**

- 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 AIP 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 perennial crops.

In the event of a limit up or down move on the Live Cattle or Feeder Cattle futures contracts on the Chicago Mercantile Exchange, sales of AGR to producers deriving income from cattle production will be suspended until such time as trading on these contracts resumes. Likewise, in the event of a limit up or down move on the Lean Hog futures contract on the Chicago Mercantile Exchange, sales of AGR to producers deriving income from hog production will be suspended until such time as trading on this contract resumes.

- 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 AIP. 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 the 80 percent coverage level the applicant/insured must meet the diversification requirements as stated on the AGR Special Provisions of Insurance for producing at least three commodities. The Annual Farm Report's Intended Agricultural Commodity Report for the insurance year must indicate that at least three agricultural commodities will be produced whose expected income for the insurance year is equal to or greater than the amount determined by applying the diversification formula. When only one or two commodities' expected income is equal to or greater than the amount determined by applying the diversification formula, the insured is only eligible for the 65 or 75 percent coverage level. Notwithstanding the above requirements, insurance will not be provided when the expected income from potatoes is greater than 83.35 percent of the total expected income for the insurance year.
 - (4)(a) **Diversification Formula.** $((1.0 \div \text{by the number of commodities to be produced}) \times 0.333)$ rounded to three decimal places \times the total expected income for the insurance year.

Example 1: 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 three commodities must be \$3300 or greater.

$$\begin{array}{l} 0.033 \\ ((1.0 \div 10) \times 0.333) \times \$100,000 = \$3300 \end{array}$$

Example 2: 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 three commodities must be \$6700 or greater.

$$\begin{array}{l} 0.067 \\ ((1.0 \div 5) \times 0.333) \times \$100,000 = \$6,700 \end{array}$$

- (4)(b) **Provide additional underwriting information** the initial year that the 80 percent coverage level is selected by submitting the Agricultural Commodity Profile to the AIP (The AIP 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 80 percent coverage elected (i.e., 80/90 reduced to 75/90 and 80/75 to 75/75). The insured must be able to adequately document, to the AIP'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. Do not include the liability for commodities such as pasture or rangeland insured under the Pasture, Rangeland, and Forage Policy because those commodities are not covered by the AGR policy. Except for lease or rental fees, pasture or rangeland used for grazing does not generate income that is reported to IRS. Producers utilizing pasture and rangeland for grazing report the income from livestock to IRS which are commodities insured under AGR. 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 an application that complies with the standards established for AGR by RMA, 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 AIP. Prior to acceptance, the AIP will determine that the application: Is for a **qualifying** person who has a *bona fide* **insurable** interest (owner, operator, sharecropper, or tenant) in income derived from agricultural commodities;

- 1 Is completed for the same person (individual, partnership, co-owner, joint operator, estate, trust, etc.) as the IRS tax entity for the tax year;
- 2 Has been signed by a person(s) having authority to enter into a binding contract for the insured person; and
- 3 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 AIP.

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

12E **Transfer of Policies.** Use a Cancellation/Transfer of Experience **form that complies with the standards established by RMA** to cancel AGR policies and to transfer AGR data from one AIP to another. To be effective, transfer requests must be signed by the cancellation date and received by the ceding AIP no later than 45 days after the cancellation date. Requests received by the ceding AIP later than 45 days after the cancellation date may be rejected, for that insurance year.

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

E(2) **Requirements.** The assuming AIP 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 AIP must complete an application, indicate it is a renewal, obtain the insured's signature, and enter the ceding AIP'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 AIP, 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 MPCI, and the current year's avocados 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 AIP 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 AIP.
- 2 All AIPs are required to transmit experience (premium and loss data) and AGR data to RMA. RMA 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.** AIPs may complete/issue policies using the PHTS without requesting insurance experience and AGR history from the ceding AIP. However, if the PHTS information appears incomplete or inaccurate, the assuming AIP MUST request the data from the ceding AIP. When requested timely, the ceding AIP will provide the experience and complete AGR data for the policy to the assuming AIP no later than 15 calendar days after receiving the request.

(4)(c) **The assuming AIP** must notify the ceding AIP when it has accepted the transfer. The ceding AIP will then terminate its policy. In any transfer, the assuming AIP must issue the policy and the ceding AIP must terminate its policy.

(4)(d) **Policy service functions will be performed by the assuming AIP** upon completion of the transfer process.

13 TAX/INSURED'S ENTITY CHANGES.

Beginning with the 2007 insurance year, some of the AGR policy provisions regarding the use of a previous tax entity's tax returns to qualify for AGR insurance have changed. A carryover insured that previously qualified using such tax returns according to the applicable procedure and policy provisions at that time may continue to use that historical income and expense tax data unless, the tax/insured entity changed since qualifying.

Carryover insureds that changed their tax/insured entity since qualifying and new insureds are subject to the 2007 provisions when determining whether the previous tax entity's tax returns may be used.

A qualifying person must have filed five years of historical U.S. income tax returns for the years used to calculate the approved AGR that are for the same tax entity as the current insurance year's tax entity (same taxpayer identification number), unless the tax entity changed and the applicant/insured is able to use the previous tax entity's tax returns to meet the historical tax return requirement. The previous tax entity's tax returns may be used to meet the historical tax return requirement only if the successor farm operation reported under the new tax entity (tax identification number) is essentially the same farm operation as it was when reporting income and expenses to IRS under the previous tax entity (see paragraph 13B for the criteria).

The tax/insured entity will be considered to have changed if: 1) the current tax/insured entity is a successor entity (i.e., the tax payer restructured the farm business and obtained a different taxpayer identification number for either the current insurance year or during the previous six tax years); or 2) the current tax entity has not existed for a sufficient number of years to file the required number years of tax returns to qualify for AGR and the farm operation was inherited, purchased or leased from the previous tax entity.

13A **Changes of a tax/insurable entity**, include:

- A(1) **Formation or dissolution** of a partnership or corporation (e.g., husband and wife previously filing a joint U.S. Individual Income Tax Return forms a partnership).
- A(2) **Creation or revocation** of a trust that the grantor and trustee are different persons and the trust has its own tax identification number.
- A(3) **Death of the proprietor** causing the proceeds and expenses 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 **A New or carryover insured whose tax entity changed** or the tax entity for the current insurance year has not filed tax returns for a sufficient number of years to qualify for AGR may request an underwriting review from the AIP to determine whether the tax returns documenting the historical income and expense records for the previous tax entity may be used to qualify for AGR. For carryover insureds also refer to [Section 13C] for additional instructions. Such applicants/insureds must request the use of a previous tax entity's tax returns and provide documentation indicating that all of the criteria for their use are met. The documentation must explain the nature of the previous entity, the change (e.g., formation of a partnership, etc.) and provide detailed information including the date of the establishment of the new entity. Tax returns for a different tax entity than the tax entity for the insurance year (new tax entity), may ONLY be used if **ALL** of the following criteria are met:

- B(1) **If the applicant/insured purchased, leased (or inherited)**, a separate farm operation during the five tax years required to calculate the approved AGR, he or she must have had an insurable interest in that farm operation, for each tax year that the previous tax entity's tax returns will be used, in order to use that tax year. For example: A husband and wife purchased a farming operation and began farming in 2003. Since beginning farming in 2003 they have filed joint individual farm income tax returns and have the 2003-2005 tax year returns available for the 2007 AGR insurance year. However, neither the husband nor the wife had an insurable interest prior to the 2003 tax year in the farming operation that was purchased; therefore, they can not use the previous entity's tax returns to qualify for AGR.
- B(2) **At least 90 percent** of the previous tax entity's farm operation, specifically including the land and facilities (e.g., irrigation systems, greenhouses, etc.) either owned or leased by the previous tax entity that were used to produce agricultural commodities upon which the AGR income and expense histories are based, for the most recent tax year prior to the change in tax entity or the year the insured inherited, purchased or leased the farm operation, was assumed by the insured;
- B(3) **The previous tax entity's most recent tax year** must have generated (or if commodities were damaged or destroyed by an insurable cause of loss was capable of generating) at least 90 percent of the average allowable income for the previous tax entity to be included in the insured's AGR income history. For example, for the 2007 insurance year, the five years to be included in the AGR history are the 2001-2005 tax years and the insured restructured the farm business and obtained a new tax identification number for the 2004 tax year. The most recent tax year prior to the change in the tax entity is 2003. The AGR income and expense history of the previous tax entity's farm operation for the 2001- 2003 tax years may be used if 90 percent of the land and facilities contained in the 2003 farm operation were assumed in the 2004 successor farm operation and the income generated for the 2003 tax year was at least 90 percent of the average allowable income generated for the 2001 - 2003 tax years;
- B(4) **The change in the tax entity was not to circumvent any tax law or liability** (including any limitation on the liability that restricts participation in the AGR pilot program).
- B(5) **The previous tax entity also met the requirements** of [Sections 11A(1)(b)-(d)] for each tax year used and the tax returns were for the same tax entity;
- B(6) **The applicant/insured must submit to the AIP:**
- (6)(a) **A completed application and a request** to use the previous tax entity's tax returns no later than the sales closing date for the applicable insurance year and submit the documentation required in [Sections B(6)(b) and (c)] no later than 15 calendar days after the application is submitted;

(6)(b) Acceptable evidence of the previous tax entity's land and facilities used to generate the income reported on the previous tax entity's tax returns and that at least 90 percent of that tax entity's land and facilities was assumed by the successor farming operation;

(6)(c) A copy of the previous tax entity's tax returns and Schedule F's for all of the tax years in the five year history used. If the previous tax entity did not file Schedule F, a substitute Schedule F must be completed for such years, in accordance with IRS rules for Schedule F, and a copy provided;

(6)(d) If requested by the AIP, a copy of the previous tax entity's verifiable records needed to support the allowable income, allowable expenses stated on the farm tax forms (including any substitute Schedule F's) and the cost of post-production operations by no later than 15 calendar days after the request; and

B(7) The AIP approves the use of the previous tax entity's tax returns and substitute Schedule F's when applicable. The AIP will not approve use of the previous tax entity's tax returns unless all of required documentation was provided timely and all the criteria were met.

(7)(a) The AIP will notify the insured within 10 working days after receiving the required documentation whether the use of the previous tax entity's tax returns is approved. If approved, the AGR expense and income history of the previous tax entity 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.

(7)(b) When the previous tax entity's tax returns are used along with the current entity's tax returns to obtain the five years required to calculate the approved AGR, the combined AGR expense and income histories will be used when calculating the insured's approved AGR and approved expenses (e.g., three years of the prior tax entity's allowable income and expenses and two years of the insured's allowable income and expenses); and

(7)(c) Coverage will begin on the date use of the previous tax entity's tax returns is approved.

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

C(1) **BEFORE the earlier of beginning of planting** of any insured annual commodity, or **BEFORE** insurance attaches for any insured perennial commodity for the insurance year, the policy terminates. Therefore, an application must be submitted for the new tax entity on or before the applicable sales closing date and approved by the AIP as indicated in [Section 13B] for AGR coverage to continue.

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 commodity, or AFTER insurance attaches for any insured perennial commodity for the insurance year, 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. However, the policy terminates for the following insurance year and an application must be submitted by the applicable sales closing date for the following insurance year and approved by the insurance provider as indicated in Section 13B for AGR coverage to continue.
- (2)(a) If an indemnity is claimed, the insured must provide tax returns for the new tax entity and previous tax entity when short tax years are involved. The insured must also provide a Schedule F or substitute Schedule F (if applicable) for the appropriate 12 month time period 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 AIP, the claim will be denied.
- (2)(b) If the change in tax entity was due to the death of the insured after insurance attaching for the insurance year 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 Schedule F if applicable) and any other required supporting documentation for the loss year.
- C(3) **A successor-in-interest application** may be used for carryover insureds to continue insurance protection and use the income and expense history reported by the previous tax entity if the tax entity changed and all of the criteria in Section 13B are met. A successor-in-interest application may be taken from:
- (3)(a) **A person having the authority to sign for the new entity.**
- (3)(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).**

- C(4) **Limitations.** A successor-in-interest applicant must meet all the criteria in Section 13B to use the previous tax entity's tax returns to qualify for AGR.

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 AIP 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 AIP 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 that 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. An insured cannot obtain coverage under the NAP program for crop(s) insured under AGR.

Linkage requirements vary based on FSA program requirements; therefore, the local FSA office should be contacted for guidance based on the producer's participation in various FSA programs.

15C **INCORRECT COVERAGE LEVEL SELECTED.**

If an insured has elected the 80 percent coverage level with a 75 or 90 percent payment rate, and the AIP determines that the insured does not qualify for that amount of coverage, the coverage will be reduced to the highest coverage level 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 AIP 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, similar to the one found in Exhibit 2 along with appropriate supporting documentation must be completed and submitted to the AIP** 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 AIP.

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 AIP. 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 AIP has reason to believe that the primary supporting record may not provide accurate documentation of income and/or expenses for AGR purposes, the AIP 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 AIP.
- 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 AIP, 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/or income from activities that are not incidental to farming** (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. **Refer to Part 1 Section 8B for details concerning the appropriate adjustments.**

If the insured reported a "net" sales amount to IRS **that was received from insured commodities accurately reflecting the allowable income for AGR,** no adjustment is required. For example, an insured sold processing 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. **However,** 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 AIP'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 AIP 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	
2001 \$90,500		
2002 \$99,550	(\$ 99,550 ÷ \$ 90,500)	= 1.100
2003 \$92,000	(\$ 92,000 ÷ \$ 99,550)	= 0.924
2004 \$119,600	(\$119,600 ÷ \$ 92,000)	= 1.200 (capped 1.300)
2005 \$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 (cupped 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 AIP (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 2007 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

2001	\$2,100,000	(high year)	
2002	\$ 650,000	(low year)	$(\$650,000 \div \$2,100,000) = 0.800$ (capped 0.310)
2003	\$1,900,000	(high year)	$(\$1,900,000 \div \$650,000) = 1.200$ (capped 2.923)
2004	\$ 700,000	(low year)	$(\$700,000 \div \$1,900,000) = 0.800$ (capped 0.368)
2005	<u>\$2,300,000</u>	(high year)	$(\$2,300,000 \div \$700,000) = 1.200$ (capped 3.286)
2006	<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 2007 insurance year, in this example a 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 2007 is as follows:

Col. 8 Income Index Calculations

2001	\$ 650,000	(low year)	
2002	\$1,900,000	(high year)	$(\$1,900,000 \div \$650,000) = 1.200$ (capped 2.923)
2003	\$ 700,000	(low year)	$(\$700,000 \div \$1,900,000) = .800$ (capped 0.368)
2004	\$2,300,000	(high year)	$(\$2,300,000 \div \$700,000) = 1.200$ (capped 3.286)
2005	\$ 725,000	(low year)	$(\$725,000 \div \$2,300,000) = .800$ (capped 0.315)
2006	<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 (2007 the insurance year is a low year); therefore, the 2007 AGR year's preliminary/approved AGR (items 20 & 21) must be calculated using alternate bearing procedures.

Percentage of the 5-Year Average:

2001 \$650,000 ÷ \$1,255,000 = 0.518
 2003 \$700,000 ÷ \$1,255,000 = 0.558
 2005 \$725,000 ÷ \$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

2001	\$ 650,000		
2003	\$ 700,000	(\$700,000 ÷ \$650,000) =	1.077
2005	\$ 725,000	(\$725,000 ÷ \$700,000) =	<u>1.036</u>
Total	\$2,075,000	Total	$2.113 \div 2 = 1.057 \quad (1.057)^4 = 1.248$

3-year average = \$691,667 Indexed 3 year average (\$691,667 X 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. The grower's revenue history (Allowable Income Col 8) for 2007 is as follows:

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 ÷ \$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	
2001 \$ 63,500		
2002 \$ 74,660	(\$ 74,660 ÷ \$63,500)	= 1.176
2003 \$ 83,500	(\$ 83,500 ÷ \$74,660)	= 1.118
2004 \$ 83,900	(\$ 83,900 ÷ \$83,500)	= 1.005
2005 \$100,370	(\$100,370 ÷ \$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 X 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 AIP 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 1 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) associated with:

- C(1) **IRS Reporting Requirements** such as a change in accounting method (cash/accrual), tax year (calendar/fiscal) or tax entity (husband and wife, partnership, corporation);
- C(2) **Agricultural commodities produced or production practices;**
- C(3) **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 AIP 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 AIP prior to placing the commodity in storage. The AIP 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 AIP 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 80 percent coverage levels, are also required to complete the Agricultural Commodity Profile the first year the 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. AIPs 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) and rounding the results 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 MPCI on avocados or citrus, the most recent Producer's Pre-Acceptance Worksheet(s) must be reviewed. If the MPCI 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 AIPs 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 AIPs 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 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 insurance year. An intended commodity report for avocados or 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 AIP, 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 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 AIP.

24 (RESERVED)

PART 3 CLAIM FOR INDEMNITY ACCOUNTING STANDARDS

25 GENERAL ACCOUNTING STANDARDS.

The following section provides general accounting information and other procedures that are applicable when underwriting policies or completing claims for indemnities for commodities insured under AGR policies. When applicable, separate instructions are provided for either underwriting or claims purposes.

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 2 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 7 and 8 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 6);

(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) (A producer cannot obtain both NAP payments and AGR indemnity payments in the same insurance year),
- 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 5 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. A previously written off accounts receivable that is collected during the insurance period should not be included in cash receipts for the period. There should be no adjustment to the accounts receivable beginning balance for factored accounts receivables.

(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 the insured's beginning inventory of the agricultural commodities decreases, the 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. (This will be used as the 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

<u>Beginning:</u>	Accounts Receivable Inventory	\$6,000 6,000 units of Commodity B (Produced prior to insurance year)
<u>Ending:</u>	Accounts Receivable Inventory	\$12,000 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. **The insured should accrue only those prepaid expenses that are directly associated with the production of insured commodities in a claim year.**

(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. **If an insured has converted accounts payable at the end of the previous year to an interest-bearing note payable, the beginning balance in accounts payable will be understated and will need to be increased by the amount of the conversion.**

(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) Drought Sales

(3)(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.

- (3)(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.]

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 AIP 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 AIP 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. AIPs 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 AIP will correct the approved AGR and any indemnity when applicable. The AIP 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,** there is no lapse in coverage between the previous insurance year and the current insurance year because the AGR insurance year is a 12-month time period. Damage that occurred due to a unavoidable natural disaster during the previous insurance year (e.g., severe freeze/ice damage to a perennial crop during the winter) that reduces the revenue of the insured commodity produced during the current insurance year is covered if good farming and management practices have been followed to replace (or replant) commodities and/or repair facilities (if applicable) for the current year for such commodities. If such good farming and management practices have been carried out, 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 insurance year **following the current insurance year** and the expected income must be reduced accordingly.

(3)(b) **For new insureds,** insurance is not provided **for** loss of revenue due to **damage to insured commodities** that occurs earlier than 10 days after the AIP receives **a properly completed** 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 **only** be made if the insured submits a claim for indemnity declaring the amount of loss no later than 60 days **after the original date specified by IRS that the insured's taxes were due and the insured files his/her income taxes by the first day of the seventh month after the end of the insurance year unless the insured requested a Federal tax filing extension. If the insured requested a Federal tax filing extension, to be eligible for any AGR indemnity, the insured must furnish the AIP a copy of the request for the Federal tax filing extension and file his/her taxes by the final extended tax due date. To be considered timely filed, the insured must provide the AIP a copy of his/her tax return showing the date signed or a proof of mailing showing the date the return was filed, or, if required by the AIP, the insured must request that IRS send to the AIP verification of the date the return was filed.** The insured must notify the AIP 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 AIP 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 AIP. The AIP 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 AIP and provide a copy of the amended forms. The AIP 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 AIP. The AIP will not accept any agricultural commodity as compensation for payments due them.

28E **Mediation and Arbitration**

E(1) **If the insured and the AIP** fail to agree on any determination **made by the AIP, except for those regarding good farming practices [see Part 2, Section 11A(3)], the disagreement may be resolved through mediation according to the mediation provisions of the AGR policy. If resolution is not reached through mediation or the insured and the AIP do not agree to mediation, the disagreement must be resolved by arbitration in accordance with the rules of the American Arbitration Association (AAA) unless there are conflicts between any rules of the AAA and the provisions of the AGR policy (in which case the policy provisions will control), a judicial review of a decision rendered in arbitration is sought, and unless rules are established by FCIC for this purpose.**

(1)(a) If the dispute involves a policy or procedure interpretation regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable or the meaning of any policy provision or procedure, either the insured or AIP must obtain an interpretation from FCIC in accordance with 7CFR part 400, Subpart X or other such procedures established by FCIC. Such interpretation will be binding in mediation or arbitration.

(1)(b) Failure to obtain any required interpretation [(1) (a)] by FCIC will result in nullification of any agreement or award.

E(2) The terms of the applicable policy, the Act and the regulations published at 7 CFR chapter IV (including the provisions of 7 CFR part 400 subpart P) are binding in any mediation or arbitration process.

E(3) No award or settlement can exceed the amount of liability established or which should have been established under the policy, except for interest awarded in accordance with the policy.

28F Access to Insured Farm Business Records and Record Retention

F(1) The AIP and RMA 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 verifiable 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 AIP 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 verifiable records will, at the AIP or RMA'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 AIP 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 AIP or RMA, 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 AIPs 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 AIP 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 AIP 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 AIP 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)

PART 4 - FORMS AND REPORTS

30 GENERAL STANDARDS FOR FORM ENTRIES AND COMPLETION

30A **Form Standards**

- A(1) **The entry items are the minimum form requirements.** Form standards provided are considered "Substantive" (i.e., they are required) unless otherwise noted as Non-Substantive.
- A(2) **The completion instructions for the required entry items** on the various forms in the following subsections are "Substantive" (i.e., they are required).

- A(3) **The Privacy Act and Nondiscrimination statements** are required statements that must be printed on the form or provided as a separate document. These statements are not shown in the illustrations in this handbook.
- A(4) **The current Privacy Act and Nondiscrimination Statement** can be found in the applicable DSSH.
- A(5) **A certification statement is required** by the current DSSH and must be included on the form directly above the insured's signature block. When the certification statement is required on the AGR form it will be shown in the instructions for the form.
- A(6) **Refer to the DSSH** for other crop insurance form requirements (e.g., point size of font, etc).
- A(7) **Illustration items are numbered consecutively.** The examples are provided only for illustration purposes on how to complete entries.
- A(8) **Provide the AIP's name and address** as instructed in the DSSH.

31 APPLICATION

Overview of applicant and AIP'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 AIP'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 **AIP Responsibility.** The AIP 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.	<u>Information Required</u>

- 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 AIP 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.

13A **Enter the following statement on the application.**

"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:** The applicable insurance year for which coverage will be in effect (e.g., 2007). 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., 05/2007 – 04/2008).

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 AIP if the applicant was insured under AGR the previous insurance year with a different AIP.

18 **Policy Number under Previous Carrier:** Policy number of the insured applicant that was assigned by the previous AIP.

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 agent who completed the application.
- 23 **Code Number:** AIP's assigned code number.
- 24 **Date:** Date the AIP signs the application.
- 25 **Agent Address and Telephone Number:** Complete address and telephone number of the AIP who completed the application.

26 Other required information

List all persons or entities with a substantial beneficial interest (SBI) in the insured as defined in the policy provisions. If none state none. (See reverse side for additional space)

Required information

- A Name
- B Address
- C Telephone number
- D Identification Number and Type of Identification Number
- E Type of entity

List spouse's name and spouse's identification number.

Provide the AIP's name and address according to DSSH instructions.

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Form identification number (alpha and /or numeric)

Form title

27 Required Statements See the DSSH for the correct statements

Conditions of Acceptance statements above Applicant's Signature.

Certification Statement above the Applicant's Signature.

Privacy Act Statement.

Nondiscrimination Statement

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., 2007). 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. 5/2007 – 4/2008).
- 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, addresses, 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 and round the result 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 and round the result 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 AIP 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 2006 and harvested in the 2007 insurance year, 2nd planting is cabbage planted in February of 2007 and harvested in the spring of 2007). 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 4 for unit of measures, abbreviations, and unit numeric codes.
- 16 **Expected Value:** Enter the average expected value to dollars and cents (contracted value if produced under a contract with a specified price) of the agricultural commodity in the unit of measure, for which it is marketed (tons, cwt., bu., lbs., etc.) For example, the average market price of cucumbers (processing) is expected to be \$155.00 per ton; therefore, \$155.00 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 3, 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 \$155.00 per ton = \$34,100.
- 18 **Total Expected Income:** Enter the sum of the dollars reported in Col. 17 for all commodities reported and round the result 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, and 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 AIP (verifier) must calculate and enter the approved AGR. See Part1, Section 7, Par. B.
- 22 **Report of Changes:** The applicant/ insured must explain in the Narrative any of the following:

Record 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. AIPs 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 AIP.

26 Other required information

Provide the AIP's name and address according to DSSH instructions.

Page ___ of ___

Form identification number (alpha and /or numeric)

Form title

27 Required Statements See the DSSH for the correct statements

The following certification Statement above the insured's Signature.

"I certify that to the best of my knowledge and belief all of the information on this form is correct. 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 sanctions under my policy, including but not limited to voidance of the policy, and 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) and any other applicable federal statutes."

Privacy Act Statement.

Nondiscrimination Statement

FOR ILLUSTRATION PURPOSES

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		TOTAL AMOUNT 15	EXPECTED VALUE 16	DOLLARS 17		
					ACRES, ETC. 14A	YIELD 14B					
			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		
2001	90,500	63,500	APPLES 0054	6	40.0 ACRES	18,600	744,000 LB	.10	74,400		
2002	99,550	74,660	CORN 0041	4	80.0 ACRES	100	8,000 BU	2.20	17,600		
2003	92,000	83,500									
2004	119,600	83,900									
2005	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.

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.

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., 2007). 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., 05/2007 – 04/2008).
- 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. **The market price of the beginning inventory carried forward as ending inventory should be determined using the same price indices. For insureds that used a cost basis accrual accounting method for inventories, the value of the inventory at cost from the tax return must be converted to a market value consistent with the market value indicated in the AGR policy.**

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. **Enter only those accounts receivable that are directly related to the production of insured commodities.**
- 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. AIPs 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.

23 Other required information

Provide the AIP's name and address according to DSSH instructions.

Page ____ of ____

Form identification number (alpha and /or numeric)

Form title

24 Required Statements See the DSSH for the correct statements unless the statement is shown.

The following certification Statement above the insured's Signature.

"I certify that to the best of my knowledge and belief all of the information on this form is correct. 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 sanctions under my policy, including but not limited to voidance of the policy, and 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) and any other applicable federal statutes."

Privacy Act Statement.

Nondiscrimination Statement

FOR ILLUSTRATION PURPOSES ONLY

INVENTORY AND ACCOUNTS RECEIVABLE REPORT		1 IRS accounting method? Cash <input checked="" type="checkbox"/> Accrual	2 Insurance Year YYYY
3 PRODUCER INFORMATION I. M. INSURED R.R. 2 ANY TOWN, MI XXXXX Phone Number: XXX-XXX-XXXX	Type of Tax Entity: SOLE PROPRIETOR SSN <input checked="" type="checkbox"/> EIN <input type="checkbox"/>	4 AGENCY INFORMATION I. 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 Agent Code: XXXXX

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
COLUMNS COMPLETED AT TIME OF BEGINNING INVENTORY								
APPLES	2006	CA STORAGE INC.	279,000 LB					
					14 TOTAL INVENTORY ADJUSTMENTS (+/-) TO CLAIM			
COLUMNS COMPLETED AT TIME OF ENDING INVENTORY WITHOUT A CLAIM								
APPLES	2006	CA STORAGE INC.	279,000 LB	0	279,000	S		
APPLES	2007	CA STORAGE INC.		30,000 LB		C/O		
					14 TOTAL INVENTORY ADJUSTMENTS (+/-) TO CLAIM			
COLUMNS COMPLETED AT TIME OF ENDING INVENTORY WITH A CLAIM								
APPLES	2006	CA STORAGE INC.	279,000 LB	0	279,000	S	.12 LB	<33,480>
APPLES	2007	CA STORAGE INC.		30,000 LB		C/O	.10 LB	3,000
					14 TOTAL INVENTORY ADJUSTMENTS (+/-) TO CLAIM		<30,480>	

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)		

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.

AIP: 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., 2007). 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., 05/2007 – 04/2008).

3 Agency Information:

AIP: 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:3 Enter the percent of income received from crops with an irrigated practice.
Not applicable to non-irrigated crops.

12 **Other required information**

Provide the AIP's name and address according to DSSH instructions.

Page ____ of ____

Form identification number (alpha and /or numeric)

Form title

13 **Required Statements** See the DSSH for the correct statements unless the statement is shown.

Privacy Act Statement.

Nondiscrimination Statement

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 AIP 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., 2007). 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., 05/2007 – 04/2008).

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).

20 Other required information

Provide the AIP's name and address according to DSSH instructions.

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Form identification number (alpha and /or numeric)

Form title

21 Required Statements See the DSSH for the correct statements unless the statement is shown.

Privacy Act Statement.

Nondiscrimination Statement

**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 lbs / 127 cattle = average weight of 579 lbs. Net value (after subtracting the cost) 59,304 / 73510 lbs of beef to be marketed = .81, the average price per pound. Therefore the expected commodity report should reflect:

Commodity Name/Code 12A	No. Years Produced 13	Intended amount		Total Amount 15	Expected Value 16	Total Value By Commodity 17
		Acres Etc. 14A	Yield 14B			
<i>Cow-Calf 0800</i>	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

"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.

38 CLAIM FOR INDEMNITY ENTRIES AND 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 AIP.
- 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 AIP 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 AIP'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.)

42 **Other required information**

Provide the AIP's name and address according to DSSH instructions.

Form identification number (alpha and /or numeric)

Form title

43 **Required Statements** See the DSSH for the correct statements unless the statement is shown.

The following certification Statement above the insured's Signature.

The certification statement required by the current Document and Supplemental Standards Handbook (FCIC 24040) must be included on the form directly above the insured's signature block immediately followed by the statement below.

I understand the certified information on this Production Worksheet will be used to determine my loss, if any, to the above unit. The AIP may audit and approve this information and supporting documentation. The Federal Crop Insurance Corporation, an agency of the United States, subsidizes and reinsures this crop insurance.

Privacy Act Statement.

Nondiscrimination Statement

**FOR ILLUSTRATION PURPOSES ONLY
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				14 Date(s) of Notice		1 st	2 nd	Final
7 Cause of Damage		EX MOIST 31		15 Companion Policy(s)		MDDYYYY		
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 MDDYYYY	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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**AGRICULTURAL COMMODITY CODES
BY AREA**

STATE	AREA	PAGE
California	California (Fresno, Kern, Tulare)	115
	California (Riverside).....	116
	California (San Diego)	117
	California (San Joaquin).....	118
	California (San Luis Obispo, Ventura)	119
Connecticut	New England (2000)	123
Delaware	Delaware	120
Florida	Florida	121
Idaho	Treasure Valley	132
Maine	New England (Original)	122
	New England (2000)	123
Maryland	Maryland	124
Massachusetts	New England (Original)	122
Michigan	Michigan (New).....	125
	Michigan (Original)	126
New Hampshire	New England (Original)	122
	New England (2000)	123
New Jersey	New Jersey (Northern).....	127
	New Jersey (Southern).....	128
New York	New York (Orange, Ulster)	129
	New York (Suffolk).....	130
	New York (West).....	131
Oregon	Treasure Valley	132
	Willamette Valley.....	133
Pennsylvania	Pennsylvania (Eastern)	134
	Pennsylvania (Western)	135
Rhode Island	New England (2000)	123
Vermont	New England (2000)	123
Virginia	Virginia.....	136
Washington	Washington (Central).....	137

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	N	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	N
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	N
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	P	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	N	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	N
Endive	0883	N	N	Seed (Other)	0626	N	N
Escarole	0649	N	N	Sheep and Lambs	0816	Y	N
Fish/Aquaculture	0820	Y	P	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	N	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	N
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	N	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	P	Poultry	0821	Y	N
Flowers (Other)	0615	N	N	Pumpkins	0605	N	N
Fresh Market Beans	0105	N	N	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	N
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	P	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	N
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	N
Cut Flowers	0683	N	N	Radishes	0625	N	N
Dairy	0847	Y	N	Raspberries	0679	N	N
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	P	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	N	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	N
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	N
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	P	Spinach	0623	N	N
Fresh Market Beans	0105	N	N	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	N
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	P
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	N
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	P	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	N	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	N
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 Corn Seed	0062	N	Y
Alfalfa Seed	0107	N	P	Hybrid Sorghum Seed	0050	N	Y
Apples (Fresh Market)	0853	N	Y	Indian Corn	0651	N	N
Apples (Processing)	0854	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	N
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	P
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
Chinese Cabbage	0682	N	N	Peppers (Other)	0627	N	P
Christmas Trees	0635	N	N	Plums	0092	N	Y
Cigar Wrapper Tobacco	0236	N	Y	Popcorn	0043	N	Y
Clover	0668	N	Y	Potatoes	0084	N	Y
Clover Seed	0655	N	N	Poultry	0821	Y	N
Collard Greens	0622	N	N	Processing Beans	0046	N	Y
Corn	0041	N	Y	Pumpkins	0605	N	N
Crambe	0068	N	N	Radishes	0625	N	N
Cranberries	0058	N	Y	Raspberries	0679	N	N
Cucumbers	0603	N	N	Rhubarb	0650	N	N
Cut Flowers	0683	N	N	Rye	0094	N	Y
Dairy	0847	Y	N	Safflower	0049	N	Y
Dry Beans	0047	N	Y	Scallions	0637	N	N
Dry Peas	0067	N	Y	Seed (Other)	0626	N	N
Eggplant	0613	N	N	Sesame Seed	0644	N	N
Eggs	0841	Y	N	Sheep (Ewe/Lamb)	0806	Y	N
Escarole	0649	N	N	Sheep (Feedlot)	0808	Y	N
Fish/Aquaculture	0820	Y	P	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
Fresh Market Beans	0105	N	N	Strawberries	0110	N	P
Furs	0842	Y	N	Sugar Beets	0039	N	Y
Goats	0809	Y	N	Sunflowers	0078	N	Y
Gourds	0652	N	N	Sweet Cherries	0099	N	P
Grain Sorghum	0051	N	Y	Sweet Corn (Processing)	0042	N	Y
Grapes	0053	N	Y	Swiss Chard	0653	N	N
Grass Seed	0660	N	N	Table Grapes	0052	N	Y
Green Peas	0064	N	Y	Tart Cherries	0100	N	N
Greenhouse	0600	N	N	Tomatoes (Processing)	0087	N	Y
Greens (Other)	0631	N	N	Turf	0690	N	N
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	N
Horseradish	0661	N	N	Zucchini Squash	0640	N	N
Hot Peppers	0610	N	N				

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	Hybrid Corn Seed	0062	N	Y
Alfalfa Seed	0107	N	P	Hybrid Sorghum Seed	0050	N	Y
Apples (Fresh Market)	0853	N	Y	Indian Corn	0651	N	N
Apples (Processing)	0854	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	P
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
Chinese Cabbage	0682	N	N	Peppers (Other)	0627	N	P
Christmas Trees	0635	N	N	Plums	0092	N	Y
Cigar Wrapper Tobacco	0236	N	Y	Popcorn	0043	N	Y
Clover	0668	N	Y	Potatoes	0084	N	Y
Clover Seed	0655	N	N	Poultry	0821	Y	N
Collard Greens	0622	N	N	Processing Beans	0046	N	Y
Corn	0041	N	Y	Pumpkins	0605	N	N
Crambe	0068	N	N	Radishes	0625	N	N
Cranberries	0058	N	Y	Raspberries	0679	N	N
Cucumbers	0603	N	N	Rhubarb	0650	N	N
Cut Flowers	0683	N	N	Rye	0094	N	Y
Dairy	0847	Y	N	Safflower	0049	N	Y
Dry Beans	0047	N	Y	Scallions	0637	N	N
Dry Peas	0067	N	Y	Seed (Other)	0626	N	N
Eggplant	0613	N	N	Sesame Seed	0644	N	N
Eggs	0841	Y	N	Sheep (Ewe/Lamb)	0806	Y	N
Escarole	0649	N	N	Sheep (Feedlot)	0808	Y	N
Fish/Aquaculture	0820	Y	P	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
Fresh Market Beans	0105	N	N	Strawberries	0110	N	P
Furs	0842	Y	N	Sugar Beets	0039	N	Y
Goats	0809	Y	N	Sunflowers	0078	N	Y
Gourds	0652	N	N	Sweet Cherries	0099	N	P
Grain Sorghum	0051	N	Y	Sweet Corn (Processing)	0042	N	Y
Grapes	0053	N	Y	Swiss Chard	0653	N	N
Grass Seed	0660	N	N	Table Grapes	0052	N	Y
Green Peas	0064	N	Y	Tart Cherries	0100	N	N
Greenhouse	0600	N	N	Tomatoes (Processing)	0087	N	Y
Greens (Other)	0631	N	N	Turf	0690	N	N
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	N
Horseradish	0661	N	N	Zucchini Squash	0640	N	N
Hot Peppers	0610	N	N				

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	Lima Beans	0906	N	Y
Apples	0054	N	Y	Melons (All Other)	0101	N	N
Apricots	0098	N	Y	Mini Pumpkins	0617	N	N
Asian Pears	0303	N	N	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
Bell Peppers	0104	N	Y	Okra	0629	N	N
Berries (Other)	0601	N	N	Onions (Green)	0919	N	Y
Blackberries	0302	N	N	Other Crops	0609	N	N
Blueberries	0012	N	Y	Other Fruits	0608	N	N
Broccoli	0620	N	N	Other Live Animals	0823	Y	N
Broccoli Rabe	0864	N	N	Other Vegetables	0646	N	N
Broilers	0962	Y	N	Parsley	0641	N	N
Brussel Sprouts	0657	N	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	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
Chinese Cabbage	0682	N	N	Pumpkins	0605	N	N
Christmas Trees	0635	N	N	Radishes	0625	N	N
Clover	0668	N	Y	Raspberries	0679	N	N
Corn	0041	N	Y	Rhubarb	0650	N	N
Cucumbers	0603	N	N	Rye	0094	N	Y
Dairy	0847	Y	N	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	P	Sheep: Stocker/Feeder	0807	Y	N
Fresh Market Beans	0105	N	N	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	Strawberries	0110	N	P
Gourds	0652	N	N	Summer Squash (Fresh Market)	0943	N	N
Grain Sorghum	0051	N	Y	Sweet Cherries	0099	N	P
Grapes (Hybrid)	0890	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 (Other)	0631	N	N	Tart Cherries	0100	N	N
Hay (Other)	0611	N	N	Tobacco	0071	N	Y
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	Turf	0690	N	N
Hogs: Finish	0805	Y	N	Turnips	0619	N	N
Hot Peppers	0610	N	N	Watermelons	0040	N	N
Indian Corn	0651	N	N	Wheat	0011	N	Y
Kohlrabi	0636	N	N	Winter Squash	0065	N	N
Leeks	0638	N	N	Zucchini Squash	0640	N	N
Lettuce	0604	N	N				

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	Melons (All Other)	0101	N	N
Apples	0054	N	Y	Mini Pumpkins	0617	N	N
Apricots	0098	N	Y	Mint	0074	N	P
Asparagus	0607	N	N	Mixed Hay	0670	N	Y
Barley	0091	N	Y	Mixed Vegetables	0956	N	N
Bees (Animals)	0843	Y	N	Mushrooms	0654	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
Blueberries	0012	N	Y	Onions	0013	N	Y
Broccoli	0620	N	N	Other Crops	0609	N	N
Brussel Sprouts	0657	N	N	Other Fruits	0608	N	N
Buckwheat	0865	N	N	Other Live Animals	0823	Y	N
Cabbage	0072	N	P	Other Vegetables	0646	N	N
Cantaloupe	0612	N	N	Parsnips	0643	N	N
Carrots	0624	N	N	Peaches (Fresh Market)	0923	N	Y
Cattle: Cow-calf	0800	Y	N	Peaches (Processing)	0924	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
Celery	0658	N	N	Potatoes	0084	N	Y
Christmas Trees	0635	N	N	Poultry	0821	Y	N
Clover	0668	N	Y	Processing Beans	0046	N	Y
Clover Seed	0655	N	N	Prunes	0036	N	Y
Collard Greens	0622	N	N	Pumpkins	0605	N	N
Corn	0041	N	Y	Raspberries	0679	N	N
Cranberries	0058	N	Y	Rhubarb	0650	N	N
Cucumbers	0603	N	N	Rutabaga	0687	N	N
Dry Beans	0047	N	Y	Rye	0094	N	Y
Eggplant	0613	N	N	Seed (Other)	0626	N	N
Eggs	0841	Y	N	Sheep: Ewe/Lamb	0806	Y	N
Fish/Aquaculture	0820	Y	P	Sheep: Feedlot	0808	Y	N
Flower Seed	0602	N	N	Sheep: Stocker/Feeder	0807	Y	N
Flowers (Other)	0615	N	N	Soybeans	0081	N	Y
Forage Production	0033	N	Y	Spinach	0623	N	N
Furs	0842	Y	N	Squash (Other)	0669	N	N
Garlic	0301	N	N	Squash, Summer	0014	N	N
Goats	0809	Y	N	Strawberries	0110	N	P
Gourds	0652	N	N	Sugar Beets	0039	N	Y
Grapes	0053	N	Y	Sunflowers	0078	N	Y
Greenhouse	0600	N	N	Sweet Cherries	0099	N	P
Greens (Other)	0631	N	N	Sweet Corn (Fresh Market)	0044	N	Y
Herbs	0639	N	N	Tart Cherries	0100	N	N
Hogs: Farrow	0803	Y	N	Tomatoes (Processing)	0087	N	Y
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	N
Lettuce	0604	N	N	Zucchini Squash	0640	N	N
Maple Sap	0645	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 Corn Seed	0062	N	Y
Alfalfa Seed	0107	N	P	Hybrid Sorghum Seed	0050	N	Y
Apples	0054	N	Y	Indian Corn	0651	N	N
Apricots	0098	N	Y	Jalapeno Peppers	0662	N	P
Aquatic Plants	0656	N	N	Kale	0614	N	N
Asparagus	0607	N	N	Kohlrabi	0636	N	N
Barley	0091	N	Y	Leeks	0638	N	N
Bedding Plants	0630	N	N	Lettuce	0604	N	N
Bees (Animals)	0843	Y	N	Maple Sap	0645	N	N
Beets	0616	N	N	Melons (All Other)	0101	N	N
Bell Peppers	0104	N	Y	Millet	0017	N	Y
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	P
Cabbage	0072	N	P	Nectarines	0102	N	Y
Canola	0015	N	Y	Nursery (FG & C)	0073	N	Y
Cantaloupe	0612	N	N	Oats	0016	N	Y
Carambola Fruit	0103	N	N	Onions	0013	N	Y
Carrots	0624	N	N	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	Parslev	0641	N	N
Celery	0658	N	N	Parsnips	0643	N	N
Chile Peppers	0045	N	P	Peaches	0034	N	Y
Christmas Trees	0635	N	N	Pears	0089	N	Y
Cigar Wrapper Tobacco	0236	N	Y	Peppers (Other)	0627	N	P
Clover	0668	N	Y	Plums	0092	N	Y
Clover Seed	0655	N	N	Popcorn	0043	N	Y
Collard Greens	0622	N	N	Potatoes	0084	N	Y
Corn	0041	N	Y	Poultry	0821	Y	N
Crambe	0068	N	N	Processing Beans	0046	N	Y
Cranberries	0058	N	Y	Pumpkins	0605	N	N
Cucumbers	0603	N	N	Radishes	0625	N	N
Dairy	0847	Y	N	Rhubarb	0650	N	N
Dry Beans	0047	N	Y	Rye	0094	N	Y
Dry Peas	0067	N	Y	Safflower	0049	N	Y
Eggplant	0613	N	N	Scallions	0637	N	N
Eggs	0841	Y	N	Seed (Other)	0626	N	N
Escarole	0649	N	N	Sesame Seed	0644	N	N
Fish/Aquaculture	0820	Y	P	Sheep: Ewe/Lamb	0806	Y	N
Flax	0031	N	Y	Sheep: Feedlot	0808	Y	N
Flower Seed	0602	N	N	Sheep: Stocker/Feeder	0807	Y	N
Flowers (Other)	0615	N	N	Soybeans	0081	N	Y
Flue Cured Tobacco	0229	N	Y	Spinach	0623	N	N
Forage Production	0033	N	Y	Squash (Other)	0669	N	N
Furs	0842	Y	N	Squash, Summer	0014	N	N
Goats	0809	Y	N	Strawberries	0110	N	P
Gourds	0652	N	N	Sugar Beets	0039	N	Y
Grain Sorghum	0051	N	Y	Sunflowers	0078	N	Y
Grapes	0053	N	Y	Sweet Cherries	0099	N	P
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	Table Grapes	0052	N	Y
Greens (Other)	0631	N	N	Tart Cherries	0100	N	N
Hay (Other)	0611	N	N	Tomatoes (Processing)	0087	N	Y
Herbs	0639	N	N	Turnip Greens	0632	N	N
Hogs: Farrow	0803	Y	N	Turnips	0619	N	N
Hogs: Farrow/Finish	0804	Y	N	Vegetable Seed	0667	N	N
Hogs: Finish	0805	Y	N	Watermelons	0040	N	N
Honeydew	0642	N	N	Wheat	0011	N	Y
Horseradish	0661	N	N	Winter Squash	0065	N	N
Hot Peppers	0610	N	N	Zucchini Squash	0640	N	N

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	Kohlrabi	0636	N	N
Apples	0054	N	Y	Leeks	0638	N	N
Asian Pears	0303	N	N	Lettuce	0604	N	N
Asian Vegetables	0870	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
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
Blackberries	0302	N	N	Oats	0016	N	Y
Blueberries	0012	N	Y	Okra	0629	N	N
Broccoli	0620	N	N	Onions (Green)	0919	N	Y
Broccoli Rabe	0864	N	N	Other Crops	0609	N	N
Brussel Sprouts	0657	N	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
Carrots	0624	N	N	Parsley	0641	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
Celery	0658	N	N	Popcorn	0043	N	Y
Chinese Cabbage	0682	N	N	Potatoes	0084	N	Y
Christmas Trees	0635	N	N	Potted Flowers	0931	N	N
Clover	0668	N	Y	Poultry	0821	Y	N
Corn	0041	N	Y	Pumpkins	0605	N	N
Cucumbers	0603	N	N	Radishes	0625	N	N
Cut Flowers	0683	N	N	Raspberries	0679	N	N
Dairy	0847	Y	N	Rhubarb	0650	N	N
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
Endive	0883	N	N	Sheep: Ewe/Lamb	0806	Y	N
Escarole	0649	N	N	Sheep: Feedlot	0808	Y	N
Fish/Aquaculture	0820	Y	P	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	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	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	N
Indian Corn	0651	N	N	Zucchini Squash	0640	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	Kohlrabi	0636	N	N
Apples	0054	N	Y	Leeks	0638	N	N
Asian Pears	0303	N	N	Lettuce	0604	N	N
Asian Vegetables	0870	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
Basil	0858	N	N	Mixed Hav	0670	N	Y
Bees (Animals)	0843	Y	N	Mixed Vegetables	0956	N	N
Beets	0616	N	N	Napa Cabbage	0910	N	N
Bell Peppers	0104	N	Y	Nectarines	0102	N	Y
Berries (Other)	0601	N	N	Nurserv (FG & C)	0073	N	Y
Blackberries	0302	N	N	Oats	0016	N	Y
Blueberries	0012	N	Y	Okra	0629	N	N
Broccoli	0620	N	N	Onions (Green)	0919	N	Y
Broccoli Rabe	0864	N	N	Other Crops	0609	N	N
Brussel Sprouts	0657	N	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
Carrots	0624	N	N	Parsley	0641	N	N
Cattle: Cow-calf	0800	Y	N	Parsnips	0643	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
Celeriac	0869	N	N	Plums	0092	N	Y
Chinese Cabbage	0682	N	N	Potatoes	0084	N	Y
Christmas Trees	0635	N	N	Potted Flowers	0931	N	N
Cilantro	0871	N	N	Poultry	0821	Y	N
Clover	0668	N	Y	Processing Beans	0046	N	Y
Corn	0041	N	Y	Pumpkins	0605	N	N
Cranberries	0058	N	Y	Radishes	0625	N	N
Cucumbers	0603	N	N	Raspberries	0679	N	N
Cucumbers (Pickling)	0878	N	N	Rhubarb	0650	N	N
Cut Flowers	0683	N	N	Rye	0094	N	Y
Dairy	0847	Y	N	Seed (Other)	0626	N	N
Dried Flowers	0880	N	N	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
Endive	0883	N	N	Sheep: Stocker/Feeder	0807	Y	N
Escarole	0649	N	N	Snap Beans (Fresh Market)	0082	N	N
Fish/Aquaculture	0820	Y	P	Snap Peas	0938	N	Y
Flower Bulbs	0887	N	N	Soybeans	0081	N	Y
Flowers (Other)	0615	N	N	Spinach	0623	N	N
Furs	0842	Y	N	Squash (Other)	0669	N	N
Game Birds	0304	Y	N	Squash, Summer	0014	N	N
Goats	0809	Y	N	Strawberries	0110	N	P
Gourds	0652	N	N	Sweet Cherries	0099	N	P
Grain Sorghum	0051	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Grapes	0053	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 (Other)	0631	N	N	Tart Cherries	0100	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	Tomatoes (Staked)	0946	N	Y
Hogs: Finish	0805	Y	N	Turnips	0619	N	N
Horseradish	0661	N	N	Watermelons	0040	N	N
Hot Peppers	0610	N	N	Wheat	0011	N	Y
Indian Corn	0651	N	N	Winter Squash	0065	N	N
Italian Parsley	0902	N	N	Zucchini Squash	0640	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	kohlrabi	0636	N	N
Apples (Fresh Market)	0853	N	Y	Leek	0638	N	N
Apples (Processing)	0854	N	Y	Lettuce	0604	N	N
Asparagus	0607	N	N	Melons (All Other)	0101	N	N
Barley	0091	N	Y	Mini Pumpkins	0617	N	N
Bees (Animals)	0843	Y	N	Mink	0824	Y	N
Beets	0616	N	N	Mixed Hay	0670	N	Y
Bell Peppers	0104	N	Y	Mixed Vegetables	0956	N	N
Berries (Other)	0601	N	N	Nectarines	0102	N	Y
Blueberries	0012	N	Y	Nursery (FG&C)	0073	N	Y
Broccoli	0620	N	N	Oats	0016	N	Y
Cabbage	0072	N	P	Onions	0013	N	Y
Cantaloupe	0612	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	Peaches	0034	N	Y
Chinese Cabbage	0682	N	N	Pears	0089	N	Y
Christmas Trees	0635	N	N	Peppers (Other)	0627	N	P
Cilantro	0871	N	N	Plums	0092	N	Y
Clover	0668	N	Y	Popcorn	0043	N	Y
Corn	0041	N	Y	Potatoes	0084	N	Y
Cucumbers	0603	N	N	Poultry	0821	Y	N
Cut Flowers	0683	N	N	Pumpkins	0605	N	N
Dairy	0847	Y	N	Radishes	0625	N	N
Dried Flowers	0880	N	N	Raspberries	0679	N	N
Dry Beans	0047	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
Fish/Aquaculture	0820	Y	P	Sheep (Ewe/Lamb)	0806	Y	N
Flowers (Other)	0615	N	N	Sheep (Feedlot)	0808	Y	N
Fresh Market Beans	0105	N	N	Sheep (Stocker/Feeder)	0807	Y	N
Furs	0842	Y	N	Spinach	0623	N	N
Game Birds	0304	Y	N	Squash (Other)	0669	N	N
Garlic	0301	N	N	Squash (Summer)	0014	N	N
Goats	0809	Y	N	Strawberries	0110	N	P
Gourds	0652	N	N	Sudan Sorghum Grass	0941	N	N
Grapes	0053	N	Y	Sweet Cherries	0099	N	P
Grapes (Wine)	0893	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Green Peas	0064	N	Y	Table Grapes	0052	N	Y
Greenhouse	0600	N	N	Tart Cherries	0100	N	N
Greens	0898	N	N	Tomatoes (Fresh Market)	0086	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	N
Indian Corn	0651	N	N	Zucchini Squash	0640	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 (Farrow/finish)	0804	Y	N
Apples (Processing)	0854	N	Y	Hogs (Finish)	0805	Y	N
Asian Vegetables	0870	N	N	Lettuce	0604	N	N
Asparagus	0607	N	N	Melons (All Other)	0101	N	N
Bees (Animals)	0843	Y	N	Mink	0824	Y	N
Berries (Other)	0601	N	N	Mixed Hay	0670	N	Y
Blueberries	0012	N	Y	Mixed Vegetables	0956	N	N
Broccoli	0620	N	N	Nursery (FG&C)	0073	N	Y
Cabbage	0072	N	P	Oats	0016	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
Chinese Cabbage	0682	N	N	Peaches	0034	N	Y
Christmas Trees	0635	N	N	Pears	0089	N	Y
Corn	0041	N	Y	Peppers (Other)	0627	N	P
Cucumbers	0603	N	N	Potatoes	0084	N	Y
Cut Flowers	0683	N	N	Poultry	0821	Y	N
Dairy	0847	Y	N	Pumpkins	0605	N	N
Dried Flowers	0880	N	N	Raspberries	0679	N	N
Eggplant	0613	N	N	Rye	0094	N	Y
Eggs	0841	Y	N	Seed (Other)	0626	N	N
Fish/Aquaculture	0820	Y	P	Sheep and Lambs	0816	Y	N
Flowers (Other)	0615	N	N	Sheep (Ewe/Lamb)	0806	Y	N
Fresh Market Beans	0105	N	N	Sheep (Feedlot)	0808	Y	N
Furs	0842	Y	N	Sheep (Stocker/Feeder)	0807	Y	N
Game Birds	0304	Y	N	Spinach	0623	N	N
Goats	0809	Y	N	Squash (Other)	0669	N	N
Grapes	0053	N	Y	Strawberries	0110	N	P
Grapes (Wine)	0893	N	Y	Sweet Cherries	0099	N	P
Greenhouse	0600	N	N	Sweet Corn (Fresh Market)	0044	N	Y
Greens	0898	N	N	Tomatoes (Fresh Market)	0086	N	Y
Greens (Other)	0631	N	N	Turf	0690	N	N
Herbs	0639	N	N	Wheat	0011	N	Y
Hogs (Farrow)	0803	Y	N	Zucchini Squash	0640	N	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	Maple Sap	0645	N	N
Apples (Fresh Market)	0853	N	Y	Melons (All Other)	0101	N	N
Apples (Processing)	0854	N	Y	Millet	0017	N	Y
Apricots	0098	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
Beets	0616	N	N	Nursery (FG & C)	0073	N	Y
Berries (Other)	0601	N	N	Oats	0016	N	Y
Blackberries	0302	N	N	Onions	0013	N	Y
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
Buckwheat	0865	N	N	Other Vegetables	0646	N	N
Cabbage (Fresh Market)	0960	N	P	Parsley	0641	N	N
Cabbage (Processing)	0961	N	P	Peaches (Fresh Market)	0923	N	Y
Cantaloupe	0612	N	N	Peaches (Processing)	0924	N	Y
Carrots	0624	N	N	Pears	0089	N	Y
Cattle (Cow-calf)	0800	Y	N	Peppers (Irrigated)	0925	N	Y
Cattle (Feedlot)	0802	Y	N	Peppers (Non irrigated)	0926	N	Y
Cattle (Stocker/Feeder)	0801	Y	N	Peppers (Other)	0627	N	P
Cauliflower	0621	N	N	Plums	0092	N	Y
Chinese Cabbage	0682	N	N	Popcorn	0043	N	Y
Christmas Trees	0635	N	N	Potatoes	0084	N	Y
Clover	0668	N	Y	Poultry	0821	Y	N
Corn	0041	N	Y	Processing Beans	0046	N	Y
Cucumbers	0603	N	N	Prunes	0036	N	Y
Cut Flowers	0683	N	N	Pumpkins	0605	N	N
Dairy	0847	Y	N	Radishes	0625	N	N
Dried Flowers	0880	N	N	Raspberries	0679	N	N
Dry Beans	0047	N	Y	Rye	0094	N	Y
Eggplant	0613	N	N	Sheep and Lambs	0816	Y	N
Eggs	0841	Y	N	Sheep (Ewe/Lamb)	0806	Y	N
Fish/Aquaculture	0820	Y	P	Sheep (Feedlot)	0808	Y	N
Flower Bulbs	0887	N	N	Sheep (Stocker/Feeder)	0807	Y	N
Flowers (Other)	0615	N	N	Soybeans	0081	N	Y
Fresh Market Beans	0105	N	N	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	Sunflowers	0078	N	Y
Gourds	0652	N	N	Sweet Cherries	0099	N	P
Grapes (Hybrid)	0890	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Grapes (Juice)	0891	N	Y	Sweet Corn (Processing)	0042	N	Y
Grapes (Lumbruska)	0894	N	Y	Sweet Potatoes	0085	N	P
Grapes (Vinifera)	0892	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	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
Hybrid Corn Seed	0062	N	Y	Winter Squash	0065	N	N
Indian Corn	0651	N	N	Zucchini Squash	0640	N	N
Lettuce	0604	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	N
Christmas Trees	0635	N	N	Radish Seed	0686	N	N
Clover	0668	N	Y	Raspberries	0679	N	N
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: (Farrow)	0803	Y	N
Apples	0054	N	Y	Hogs: (Farrow/Finish)	0804	Y	N
Barley	0091	N	Y	Hogs: (Finish)	0805	Y	N
Bees (Animals)	0843	Y	N	Hops	0673	N	N
Beets	0616	N	N	Kentucky Bluegrass Seed	0904	N	N
Bell Peppers	0104	N	Y	Lettuce	0604	N	N
Bentgrass Seed (Colonial)	0859	N	N	Loganberries	0907	N	N
Bentgrass Seed (Creeping)	0860	N	N	Meadowfoam	0908	N	N
Berries (Other)	0601	N	N	Melons (All Other)	0101	N	N
Blackberries	0302	N	N	Mink	0824	Y	N
Blackberries (Evergreen)	0861	N	N	Mushrooms	0654	N	N
Blackberries (Marion)	0862	N	N	Nursery (FG & C)	0073	N	Y
Blueberries	0012	N	Y	Oats	0016	N	Y
Boysenberries	0863	N	N	Onions (Bulb)	0918	N	Y
Broccoli	0620	N	N	Onions (Green)	0919	N	Y
Cabbage	0072	N	P	Onions (Shallot)	0920	N	Y
Cantaloupe	0612	N	N	Orchard Grass	0921	N	N
Carrots	0624	N	N	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
Celery	0658	N	N	Pears	0089	N	Y
Chestnuts	0681	N	N	Peppermint	0700	N	P
Christmas Trees	0635	N	N	Peppers (Other)	0627	N	P
Clover Seed (Annuals)	0873	N	N	Plums	0092	N	Y
Clover Seed (Perennials)	0874	N	N	Potatoes	0084	N	Y
Clover Seed (Red)	0875	N	N	Poultry	0821	Y	N
Clover Seed (White, Ladino)	0951	N	N	Processing Beans	0046	N	Y
Corn (Silage)	0876	N	Y	Prunes	0036	N	Y
Cranberries	0058	N	Y	Pumpkins	0605	N	N
Crown Vetch Seed	0305	N	N	Radishes	0625	N	N
Cucumbers	0603	N	N	Raspberries (Black)	0933	N	N
Cut Flowers	0683	N	N	Raspberries (Red)	0934	N	N
Dairy	0847	Y	N	Rhubarb	0650	N	N
Dry Peas	0067	N	Y	Rutabaga	0687	N	N
Eggs	0841	Y	N	Ryegrass Seed (Annual)	0935	N	N
Fescue Seed (Fine)	0885	N	N	Ryegrass Seed (Perennial)	0936	N	N
Fescue Seed (Tall)	0886	N	N	Seed (Other)	0626	N	N
Fish/Aquaculture	0820	Y	P	Sheep and Lambs	0816	Y	N
Flower Bulbs	0887	N	N	Sheep: Ewe/Lamb	0806	Y	N
Flower Seed	0602	N	N	Sheep: Feedlot	0808	Y	N
Flowers (Other)	0615	N	N	Sheep: Stocker/Feeder	0807	Y	N
Fresh Market Beans	0105	N	N	Spinach	0623	N	N
Furs	0842	Y	N	Squash (Other)	0669	N	N
Game Birds	0304	Y	N	Straw	0940	N	N
Garlic Seed (Cloves)	0888	N	N	Strawberries	0110	N	P
Goats	0809	Y	N	Sugarbeet Seed	0942	N	N
Gooseberries	0889	N	N	Sweet Cherries	0099	N	P
Grapes	0053	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	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	Vegetable Seed	0667	N	N
Hay (Silage)	0899	N	P	Walnuts	0029	N	Y
Hazelnuts	0900	N	N	Wheat	0011	N	Y
				Wild Rice	0952	N	P

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	Hot Peppers	0610	N	N
Apples (Fresh Market)	0853	N	Y	Indian Corn	0651	N	N
Apples (Processing)	0854	N	Y	Kiwi	0978	N	N
Apricots	0098	N	Y	Lettuce	0604	N	N
Asian Pears	0303	N	N	Maple Sap	0645	N	N
Asparagus	0607	N	N	Maryland Tobacco	0232	N	Y
Barley	0091	N	Y	Melons (All Other)	0101	N	N
Bedding Plants	0630	N	N	Mini Pumpkins	0617	N	N
Bees (Animals)	0843	Y	N	Mink	0824	Y	N
Bell Peppers	0104	N	Y	Mushrooms	0654	N	N
Berries (Other)	0601	N	N	Nectarines	0102	N	Y
Blackberries	0302	N	N	Nursery (FG & C)	0073	N	Y
Blueberries	0012	N	Y	Oats	0016	N	Y
Broccoli	0620	N	N	Other Crops	0609	N	N
Broilers	0962	Y	N	Other Fruits	0608	N	N
Buckwheat	0865	N	N	Other Live Animals	0823	Y	N
Cabbage	0072	N	P	Other Vegetables	0646	N	N
Canola	0015	N	Y	Peaches	0034	N	Y
Cantaloupe	0612	N	N	Pears	0089	N	Y
Cattle: Cow-calf	0800	Y	N	Peppers (Other)	0627	N	P
Cattle: Feedlot	0802	Y	N	Plums	0092	N	Y
Cattle: Stocker/Feeder	0801	Y	N	Popcorn	0043	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
Cigar Wrapper Tobacco	0236	N	Y	Pumpkins	0605	N	N
Clover	0668	N	Y	Raspberries	0679	N	N
Corn	0041	N	Y	Rhubarb	0650	N	N
Cucumbers	0603	N	N	Rye	0094	N	Y
Cut Flowers	0683	N	N	Seed (Other)	0626	N	N
Dairy	0847	Y	N	Sheep and Lamb	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	P	Sheep: Stocker/Feeder	0807	Y	N
Flower (Other)	0615	N	N	Snap Beans (Fresh Market)	0082	N	N
Furs	0842	Y	N	Soybeans	0081	N	Y
Game Birds	0304	Y	N	Squash (Other)	0669	N	N
Goats	0809	Y	N	Squash, Summer	0014	N	N
Gooseberries	0889	N	N	Strawberries	0110	N	P
Gourds	0652	N	N	Sunflowers	0078	N	Y
Grain Sorghum	0051	N	Y	Sweet Cherries	0099	N	P
Grapes (American)	0972	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	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	N
Hogs: Finish	0805	Y	N	Zucchini Squash	0640	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	Hot Peppers	0610	N	N
Apples (Fresh Market)	0853	N	Y	Indian Corn	0651	N	N
Apples (Processing)	0854	N	Y	Kale	0614	N	N
Asian Pears	0303	N	N	Kohlrabi	0636	N	N
Barley	0091	N	Y	Leeks	0638	N	N
Bedding Plants	0630	N	N	Lettuce	0604	N	N
Bees (Animals)	0843	Y	N	Maple Sap	0645	N	N
Bell Peppers	0104	N	Y	Melons (All Other)	0101	N	N
Berries (Other)	0601	N	N	Mini Pumpkins	0617	N	N
Blackberries	0302	N	N	Mink	0824	Y	N
Blueberries	0012	N	Y	Mushrooms	0654	N	N
Broccoli	0620	N	N	Nectarines	0102	N	Y
Broilers	0962	Y	N	Nursery (FG & C)	0073	N	Y
Brussel Sprouts	0657	N	N	Oats	0016	N	Y
Cabbage	0072	N	P	Onions	0013	N	Y
Cantaloupe	0612	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	Parsnips	0643	N	N
Cauliflower	0621	N	N	Peaches	0034	N	Y
Christmas Trees	0635	N	N	Pears	0089	N	Y
Clover	0668	N	Y	Peppers (Other)	0627	N	P
Clover Seed	0655	N	N	Plums	0092	N	Y
Corn	0041	N	Y	Popcorn	0043	N	Y
Crown Vetch Seed	0305	N	N	Potatoes	0084	N	Y
Cucumbers	0603	N	N	Poultry	0821	Y	N
Cut Flowers	0683	N	N	Pumpkins	0605	N	N
Dairy	0847	Y	N	Radishes	0625	N	N
Dry Beans	0047	N	Y	Raspberries	0679	N	N
Dry Peas	0067	N	Y	Rhubarb	0650	N	N
Eggplant	0613	N	N	Rye	0094	N	Y
Eggs	0841	Y	N	Seed (Other)	0626	N	N
Escarole	0649	N	N	Sheep and Lambs	0816	Y	N
Fish/Aquaculture	0820	Y	P	Sheep: Ewe/Lamb	0806	Y	N
Flowers (Other)	0615	N	N	Sheep: Feedlot	0808	Y	N
Furs	0842	Y	N	Sheep: Stocker/Feeder	0807	Y	N
Game Birds	0304	Y	N	Snap Beans (Fresh Market)	0082	N	N
Garlic	0301	N	N	Soybeans	0081	N	Y
Goats	0809	Y	N	Spinach	0623	N	N
Gourds	0652	N	N	Squash (Other)	0669	N	N
Grain Sorghum	0051	N	Y	Squash, Summer	0014	N	N
Grapes (American)	0972	N	Y	Strawberries	0110	N	P
Grapes (Hybrid)	0890	N	Y	Sunflowers	0078	N	Y
Grapes (Vinifera)	0892	N	Y	Sweet Cherries	0099	N	P
Grass Seed	0660	N	N	Sweet Corn (Fresh Market)	0044	N	Y
Green Peas	0064	N	Y	Sweet Corn (Processing)	0042	N	Y
Greenhouse	0600	N	N	Swiss Chard	0653	N	N
Greens (Other)	0631	N	N	Tart Cherries	0100	N	N
Hay (Other)	0611	N	N	Tobacco	0071	N	Y
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	Turnips	0619	N	N
Hogs: Finish	0805	Y	N	Watermelons	0040	N	N
Honeydew	0642	N	N	Wheat	0011	N	Y
Horseradish	0661	N	N	Winter Squash	0065	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	Lettuce	0604	N	N
Apples	0054	N	Y	Lima Beans	0906	N	y
Asian Vegetables	0870	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
Bees (Animals)	0843	Y	N	Mixed Hay	0670	N	Y
Bell Peppers	0104	N	Y	Mixed Vegetables	0956	N	N
Berries (Other)	0601	N	N	Nectarines	0102	N	Y
Blackberries	0302	N	N	Nursery (FG & C)	0073	N	Y
Blueberries	0012	N	Y	Oats	0016	N	Y
Broccoli	0620	N	N	Okra	0629	N	N
Broilers	0962	Y	N	Onions	0013	N	Y
Cabbage	0072	N	P	Other Crops	0609	N	N
Cantaloupe	0612	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	Peaches	0034	N	Y
Chinese Cabbage	0682	N	N	Peanuts	0075	N	Y
Christmas Trees	0635	N	N	Peppers (Cubanelle)	0927	N	Y
Corn	0041	N	Y	Peppers (Other)	0627	N	P
Cotton	0021	N	Y	Potatoes	0084	N	Y
Cucumbers (Fresh Market)	0877	N	N	Poultry	0821	Y	N
Cucumbers (Processing)	0957	N	N	Processing Beans	0046	N	Y
Dairy	0847	Y	N	Pumpkins	0605	N	N
Eggplant	0613	N	N	Radishes	0625	N	N
Eggs	0841	Y	N	Raspberries	0679	N	N
Endive	0883	N	N	Rye	0094	N	Y
Escarole	0649	N	N	Sheep and Lambs	0816	Y	N
Fish/Aquaculture	0820	Y	P	Sheep: Ewe/Lamb	0806	Y	N
Flowers (Other)	0615	N	N	Sheep: Feedlot	0808	Y	N
Fresh Market Beans	0105	N	N	Sheep: Stocker/Feeder	0807	Y	N
Furs	0842	Y	N	Soybeans	0081	N	Y
Game Birds	0304	Y	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 (Vinifera)	0892	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Green Peas	0064	N	Y	Sweet Corn (Processing)	0042	N	Y
Greenhouse	0600	N	N	Sweet Potatoes	0085	N	P
Greens	0898	N	N	Table Grapes	0052	N	Y
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	N
Leeks	0638	N	N	Zucchini Squash	0640	N	N

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	0803	Y	N
Alfalfa (Non-irrigated)	0851	N	Y	Hogs: Farrow/Finish	0804	Y	N
Alfalfa Seed	0107	N	P	Hogs: Finish	0805	Y	N
Apples	0054	N	Y	Hops	0673	N	N
Apricots	0098	N	Y	Kale Seed	0903	N	N
Artichokes	0855	N	N	Kohlrabi Seed	0905	N	N
Asparagus	0607	N	N	Melon Seed	0909	N	N
Barley (Irrigated)	0856	N	Y	Melons (All Other)	0101	N	N
Barley (Non-irrigated)	0857	N	Y	Mink	0824	Y	N
Bees (Animals)	0843	Y	N	Mint	0074	N	P
Berries (Other)	0601	N	N	Mustard Seed	0674	N	N
Buckwheat	0865	N	N	Nectarines	0102	N	Y
Cabbage	0072	N	P	Nursery (FG & C)	0073	N	Y
Canola (Irrigated)	0998	N	Y	Oats (Irrigated)	0914	N	Y
Canola (Non-irrigated)	0999	N	Y	Oats (Non-irrigated)	0915	N	Y
Canola Seed	0866	N	N	Onion Seed	0671	N	N
Cantaloupe	0612	N	N	Onions (Fall)	0916	N	Y
Carrot Seed	0634	N	N	Onions (Spring)	0917	N	Y
Carrots (Fresh Market)	0867	N	N	Other Crops	0609	N	N
Carrots (Processing)	0868	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 Seed	0922	N	N
Chestnuts	0681	N	N	Peaches	0034	N	Y
Christmas Trees	0635	N	N	Pears	0089	N	Y
Cilantro Seed	0872	N	N	Peppermint	0700	N	P
Clover Seed	0655	N	N	Peppers (Other)	0627	N	P
Corn	0041	N	Y	Plums	0092	N	Y
Cucumbers	0603	N	N	Popcorn	0043	N	Y
Cut Flowers	0683	N	N	Potatoes	0084	N	Y
Dairy	0847	Y	N	Poultry	0821	Y	N
Dill Seed	0879	N	N	Processing Beans	0046	N	Y
Dry Bean Seed	0881	N	N	Prunes	0036	N	Y
Dry Beans	0047	N	Y	Pumpkin Seed	0932	N	N
Dry Pea Seed	0882	N	N	Pumpkins	0605	N	N
Dry Peas	0067	N	Y	Radish Seed	0686	N	N
Eggs	0841	Y	N	Raspberries	0679	N	N
Endive Seed	0884	N	N	Rutabaga	0687	N	N
Fish/Aquaculture	0820	Y	P	Seed (Other)	0626	N	N
Flax Seed	0684	N	N	Sheep and Lambs	0816	Y	N
Flower Bulbs	0887	N	N	Sheep: Ewe/Lamb	0806	Y	N
Flower Seed	0602	N	N	Sheep: Feedlot	0808	Y	N
Flowers (Other)	0615	N	N	Sheep: Stocker/Feeder	0807	Y	N
Fresh Market Beans	0105	N	N	Spearmint	0701	N	P
Furs	0842	Y	N	Squash (Other)	0669	N	N
Game Birds	0304	Y	N	Squash Seed	0939	N	N
Garlic	0301	N	N	Strawberries	0110	N	P
Goats	0809	Y	N	Sugar Beets	0039	N	Y
Grain Sorghum	0051	N	Y	Sunflower Seed	0955	N	N
Grapes (Juice)	0891	N	Y	Sweet Cherries	0099	N	P
Grapes (Wine)	0893	N	Y	Sweet Corn (Fresh Market)	0044	N	Y
Grass Hay (Irrigated)	0895	N	N	Sweet Corn (Processing)	0042	N	Y
Grass Hay (Non-irrigated)	0896	N	N	Sweet Corn Seed	0688	N	N
Grass Seed	0660	N	N	Tart Cherries	0100	N	N
Green Peas	0064	N	Y	Tomatoes (Fresh Market)	0086	N	Y
Green Peas (Fresh Market)	0897	N	Y	Tomatoes (Processing)	0087	N	Y
Greenhouse	0600	N	N	Turnip Seed	0691	N	N
Greens (Other)	0631	N	N	Wheat (Irrigated)	0948	N	Y
Hay (Other)	0611	N	N	Wheat (Non-irrigated)	0949	N	Y
Herbs	0639	N	N	Wheat Seed	0947	N	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 2007 Insurance Year

Dates: The applicable sales closing date is January 31, 2007, the application was taken January 29, 2007, 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, 2006, was sold prior to May 31, 2007. 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 2005 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, 2007, was unsold at the time of the claim and had a local market value of \$62,400 as of 8/1/2007. Quantity was taken from storage/warehouse delivery records and from farm stored potato production measurements.

Accounts receivable: Total accounts receivable as of June 1, 2007, \$22,000. Accounts receivable as of May 31, 2008, totaled \$25,000.

Taxes filed: August 10, 2008.

3 Detail/2007 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 2007 AGR insurance year, 2007 IRS tax forms will be used, June 1, 2007, will be indicated as the date the fiscal year begins, and May 31, 2008, 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, 2007, and ends May 31, 2008.) The insurance year for administrative and reinsurance purposes is designated by the year in which the sales closing date occurs (e.g., 2007 insurance year has the January 31, 2007, 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, 2007.) 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, 2007, are not covered; however, the early season fruits and vegetables generally harvested in the spring of 2008 prior to June 1, 2008, are covered.)
- 3D **Intended Commodity Report.** Fiscal filers must report, by the sales closing date (e.g., January 31, 2007), 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 2007, and early season fruit and vegetables to be harvested in the spring of 2008 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, 2007, and ending inventory as of May 31, 2008. The beginning inventory for the 2007 insurance year must be reported no later than June 30, 2007.)
- 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, 2007, and ending accounts receivable as of May 31, 2008). 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, 2008 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, 2008). 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 6/2007/5/31/2008

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 2007.....\$10,860	8b Taxable amount	8b \$10,860
c If election to defer to 2008 check here ~	8d Deferred from 2006	
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

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: I. R. AGENT Name: Address: 2222 ANY ST. ANY TOWN, MI XXXXX	10 Name of Insured Valley View Farms INC	11 Insurance Year 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 06/11/07	1 st	2 nd
7 Cause of Damage Hail 21	Drought 11			Telephone Number: XXX-XXX-XXXX	Final 08/15/08	
8 Primary Cause % 60			Code Number: XXXXX	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 Filed 08/10/08	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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FOR ILLUSTRATION PURPOSES ONLY

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 06/11/07	1 st	2 nd
7 Cause of Damage Hail 21	Drought 11			Final 08/15/08		
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
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 08/10/2008	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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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). For calves, fed cattle, feeder pigs, and hogs, futures contracts near the expected marketing date also provide an objective starting point for determining expected values. Futures prices for the harvest month (in the case of crops) or expected marketing month (in the case of livestock) must be adjusted for local basis; i.e. the expected difference between the relevant futures price for a particular commodity and the 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. Adjust the December corn futures price for local corn basis. 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.

B(3) For calves and fed cattle, use the Chicago Mercantile Exchange feeder cattle and live cattle contracts, respectively. For calves, use the December average daily settlement price for feeder cattle futures for the month when marketings are expected to occur (or the month nearest to expected marketings) less the state-level basis (previous year's average) for the appropriate weight and type (i.e., steers, heifers, Holsteins) or calves being marketed. For fed cattle, use the December average daily settlement price for live cattle futures for the month when marketings are expected to occur (or the month nearest to expected marketings) less the state-level basis (previous year's average) for the type of cattle (i.e., steers, heifers, Holsteins) being marketed.

B(4) For feeder pigs or hogs, use the Chicago Mercantile Exchange lean hog futures contract. Use the December average daily settlement price for lean hog futures for the month when marketings are expected to occur (or the month nearest to expected marketings) less the state-level basis (previous year's average) for the appropriate type of animal (i.e., feeder pigs or slaughter hogs).

3C **USDA Economic Research Service Price Forecasts:** For broilers, turkeys, eggs, lambs, and cull cows, expected values will be based on monthly forecasts provided by USDA Economic Research Service in the monthly *Livestock, Dairy, and Poultry Outlook* report. Rather than use these prices directly, a location-specific forecast will be obtained by adjusting last year's cash price from the local market by the annual percentage change in prices forecast by ERS. For example, suppose a sheep producer markets 70 pound feeder lambs in August. If the most recent *LD&P* report calls for San Angelo lamb prices to be 7% higher in the third quarter next year compared to this year, then the price expectation for the coming year will be this year's third quarter price in the producer's local market multiplied by 1.07.

3D **Other Price Sources.** For commodities that are not under contract to be sold at a specified price and are not listed in Paragraph 3B or 3C, 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 on commodities whose price is clearly trending up or down. Some possible sources recommended by RMA for this purpose include:

- D(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>
- D(2) **Commodity Broker Reports,**
- D(3) **District Crush Reports,**
- D(4) **Packer/Processor Reports,**
- D(5) **Marketing Cooperative Reports, and**
- D(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/>
- D(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 2007 crop year, a co-operative may make 2007 harvest cash payments on a weekly basis, four cash payments in 2008, four cash payments in 2009, and a final cash payment in January of 2010).
- 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 2006 insurance year received/reported to IRS in 2007).
- 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 2007 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 2006 Crop	Grape Cooperative	(Cash) \$12,115	Sold - 0 -	<\$12,115>
Concord Grapes 2006 Crop	Grape Cooperative	(Allocations) \$10,200	- 0 -	<\$10,200>
Concord Grapes 2007 Crop	Grape Cooperative	- 0 -	\$26,498	\$26,498
20 Total Accounts Receivable				+ \$4,183
Adjustments (+/-)				

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	Not Eligible for NAP
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 9 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 7 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
B	Cost of post-production operations
C	Co-op dividends not directly related
D	Agricultural program payments
E	Crop insurance payments
F	Disaster payments
G	Net gain from commodity hedges
H	Not directly related to production
I	Other - explain the adjustment made

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 7 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 7.]
 - 3C **Of Income from commodities not insurable under the AGR policy**. [See Exhibit 8.]
- 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 **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].
 - 4C **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)