



United States Department of Agriculture  
Risk Management Agency

Oct 2007

## 2008 INSURANCE FACT SHEET

# Adjusted Gross Revenue-Lite

## Alaska, Idaho, Oregon, Washington

### Adjusted Gross Revenue-Lite (AGR-Lite)

is a streamlined whole-farm revenue protection package. The plan provides protection against low revenue due to unavoidable natural disasters and market fluctuations that affect income during the insurance year. Most farm-raised crops, animals, and animal products are eligible for protection.

AGR-Lite can stand alone or be used in conjunction with other Federal crop insurance plans. When producers purchase both AGR-Lite and other Federal crop insurance plans, the AGR-Lite premium will be reduced.

The AGR-Lite concept:

- Uses a producer's 5-year historical IRS farm income information and an annual farm report as a base to provide a level of guaranteed revenue for the insurance period;
- Provides insurance coverage for multiple agricultural commodities in one insurance product;
- Establishes revenue as a common denominator for the insurance of all agricultural commodities.

### Availability

For the Spokane Region, AGR-Lite is offered in all counties in Alaska, Idaho, Oregon and Washington.

### AGR-Lite Important Details

**Sales Closing Date.** March 15 is the enrollment date for new applicants; policy change and the cancellation dates for all policies: January 31.

**Year of Insurance.** For the year of application, you will not be covered for any losses that occur earlier than 10 days after we receive your properly completed application.

**Insurance Year.** A calendar year if you file your taxes on a calendar year basis. A fiscal year if you file your taxes on a fiscal year basis.

**Revenue and Expenses Report Filing Deadline:**

March 15 for new applications. January 31 deadline applies for renewal policies to complete a farm report.

**Beginning Inventory Report Filing Deadline:** Must be filed by the end of the first month for calendar or fiscal year to correspond with insureds IRS tax year.  
**Claims.** Claims are settled after taxes are filed for the insurance year.

### Producer Eligibility

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

- Be a U.S. citizen or resident.
- File a calendar year or fiscal year farm tax return.
- The maximum liability of coverage is \$1 million.
- Have appropriate IRS tax forms available for the previous 5 consecutive years under the same tax entity (for exceptions, contact a crop insurance agent).
- Have revenue from commodities purchased for resale not exceeding 50 percent of total.
- Have revenue from potatoes not exceeding 83.35 percent of total intended commodities.

### Coverage Choices

(Maximum Liability is \$1,000,000)

Protection is calculated by multiplying the approved AGR by the coverage level and payment rate percentage selected at the time of enrollment. Choices include:

Coverage Level & Payment Percent	Maximum Annual Income
65/75	\$2,051,282
65/90	\$1,709,401
75/75	\$1,777,777
75/90	\$1,481,481
80/75 *	\$1,666,666
80/90 *	\$1,388,888

**\*Minimum Number of Commodities (3)**

## Commodity Requirements for Coverage Choices

Producers of one commodity can insure at 65/75, 65/90, and 75/75 and 75/90 percent, with three or more qualifying commodities up to 80/75 or 80/90 percent. To qualify as three eligible commodities each must be projected to generate: 11.1 percent or more of the gross revenue shown on the annual farm report. Commodities with small revenues will be grouped by quoting software to determine the total number of eligible commodities.

## Premium Subsidy

The government will pay a portion of the premium for the AGR-Lite policy that equals 48 percent, 55 percent, and 59 percent of the total premiums for the coverage levels of 80 percent, 75 percent, and 65 percent, respectively.

## Policy Size Limit

The policy is limited in size to a maximum liability (protection in force) of \$1,000,000 annually (\$1,000,000 liability/coverage level and payment percentage, i.e.  $\$1,000,000/65\%/75\% = \$2,051,282$ ). The table shows the maximum allowable income by level, to be eligible for AGR-Lite.

## Insured Causes of Loss

Insurance is provided against loss of revenue due to any unavoidable natural peril or market fluctuation that causes a loss in revenue. No payment will be made for losses due to negligence, mismanagement, or wrongdoing by the insured, the insured's family, members of the household, tenants, employees, or contractors; crop abandonment; bypassing of acreage; and other causes listed in the insurance policy.

## AGR-Lite Application Information

Producers must provide the following information when completing an AGR-Lite application:

- Histories calculation worksheet including 5 years of allowable income and expense data from their IRS 1040, Schedule F forms (or equivalent IRS forms);
- An annual farm report showing the intended revenue-producing commodities and their expected revenue;
- A commodity profile report for the previous 2 years for producers selecting higher coverage levels;
- Beginning inventories and accounting receivable, if applicable;
- Other information that may be required by the insurance provider.

## Loss Example

### Loss Payment Example (80% coverage at 90% payment rate)

#### Assumptions:

- Approved AGR-Lite Income: \$ 500,000
- Loss Inception Point: ( $\$500,000 \times .8$ ) \$ 400,000
- AGR-Lite Coverage: ( $\$400,000 \times .9$ ) \$ 360,000

#### Loss Scenario:

- Adjusted gross income of \$215,000 (revenue to count).
- $\$400,000 - \$215,000$  revenue to count = \$185,000 loss of revenue.
- $\$185,000 \times 90$  percent payment rate = \$166,500 indemnity due the insured.
- If a 75-percent payment rate had been selected, the indemnity due would have been \$138,750

## Where to Purchase

Please contact your local crop insurance agent to learn more about AGR-Lite. For a list of crop insurance agents, visit the Risk Management Agency's (RMA's) online Agent Locator at:

<http://www3.rma.usda.gov/tools/agents/>

## Regional Contact for RMA USDA/Risk Management Agency Spokane Regional Office

11707 E Sprague Ave #201 - Spokane Valley, WA  
99206 - Telephone 509 228-6320 - Fax 509 228-6321  
E-Mail: [warso@rma.usda.gov](mailto:warso@rma.usda.gov)

## Download Information from the Web

### Policy & Forms:

[www.rma.usda.gov/policies/](http://www.rma.usda.gov/policies/)

**Premium Calculation:** [www.rma.usda.gov/tools](http://www.rma.usda.gov/tools)

**AGR-Lite Handbook:**

[www.rma.usda.gov/policies/](http://www.rma.usda.gov/policies/)

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