



United States  
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*A Risk Management Agency Fact Sheet*

# Adjusted Gross Revenue (AGR)

Revised December 2003

The Adjusted Gross Revenue (AGR) product provides protection against low revenue due to unavoidable natural disasters and market fluctuations that occur during the insurance year. Covered farm revenue consists of income from agricultural commodities, including incidental amounts of income from animals and animal products and aquaculture reared in a controlled environment. Animal/animal product income is representative of the value of crop production fed to animals.

The AGR concept:

- Uses a producer's historical IRS 1040, Schedule F tax form information and 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 production of all agricultural commodities; and
- Reinforces program credibility by using IRS tax forms and regulations to alleviate compliance concerns.

## Producer Eligibility

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

- Be a U.S. citizen or resident.
- File a calendar year or fiscal year farm tax return.
- Produce agricultural commodities primarily in pilot counties (may include income from contiguous non-pilot counties).
  - Have liability that may not exceed \$6.5 million. Policies with more than \$6.5 million of AGR liability are not eligible for AGR insurance.
  - Have had the same tax entity for 7 years unless a change in tax entity is reviewed and approved by the insurance provider (filed 5 consecutive years of Schedule F tax forms, plus previous year and insurance year).

- Purchase traditional Federal crop insurance, if available, when more than 50 percent of expected income is from insurable commodities. AGR complements other Federal crop insurance plans—such as Multi-Peril Crop Insurance, Crop Revenue Coverage, Income Protection, and Revenue Assurance—by coordinating the insurance protection and benefits with the other plans. When producers purchase both AGR and other crop insurance plans, the AGR premium will be reduced.

- Earn no more than 35 percent of expected allowable income from animals and animal products.

## AGR Application Information

Producers need the following information to fill out an AGR application:

- An annual farm report for the insurance year listing each commodity to be produced, the expected quantity of the commodity to be produced, and the expected price for the commodity;
- Beginning inventories, if applicable; and
- Indication of changes that will result in less income for the insurance year than the historical average.

### AGR Timeline

**Sales Closing Date.** January 31 (cancellation and termination date also).

**Beginning of Insurance.** January 1 (For the year of application, the beginning of insurance is 10 days after a properly completed application is received.)

**Contract Change Date.** November 30.

**Insurance Year.** The calendar year in which the sales closing date occurs and includes both calendar year and fiscal year filings (corresponding to the producer's IRS tax period).

**Claims.** Claims are settled after taxes are filed for the insurance year.

## Choosing a Revenue Guarantee

AGR liability (protection) is calculated by multiplying the approved adjusted gross revenue by the coverage level and payment rate percentage selected by the producer. The coverage level will determine when indemnity payments begin. The payment rate will determine how much the producer will be paid for each dollar lost under the coverage level. Coverage levels and payment rates can vary with the number of crops produced and are selected by the producer from the county actuarial document (Special Provisions of Insurance). A producer selects one amount of coverage.

### Available Coverage

#### **65% Coverage Level/ 75% or 90% Payment Rate**

For the 75-percent payment rate, any number of commodities can be produced; for the 90-percent payment rate, a minimum of two commodities must be produced, with each contributing a certain percentage of revenue.

#### **75% Coverage Level/ 75% or 90% Payment Rate**

For 75-percent and 90-percent payment rates, a minimum of two commodities must be produced, with each contributing a certain percentage of revenue.

#### **80% Coverage Level / 75% or 90% Payment Rate**

For 75-percent and 90-percent payment rate, a minimum of four commodities must be produced, with each contributing a certain percentage of revenue.

## Loss Payments

Loss payments are triggered when the adjusted income for the insured year is less than the loss inception point. The loss inception point is calculated by multiplying the approved adjusted gross revenue times the selected coverage level. Once a revenue loss is triggered, the insured is paid based on the payment rate selected, either 75 percent or 90 percent of each dollar lost.

## Where To Purchase

AGR insurance policies are available from private insurance agents. A list of crop insurance agents is available at all USDA Service Centers throughout the United States or visit RMA's online Agent Locator: <http://www3.rma.usda.gov/tools/agents/>

### Loss Payment Example

#### **Assumptions:**

- Approved AGR of \$94,900.
- AGR 5-year average expenses of \$63,480.
- Adjusted gross income of \$21,000 (revenue to count).
- 80-percent coverage level and 90-percent payment rate.

#### **Determining Loss:**

- Approved AGR of \$94,900 X 80-percent coverage level = \$75,920.
- \$75,920 - \$21,000 revenue to count = \$54,920 loss of revenue.
- \$54,920 X 90-percent payment rate = \$49,428 indemnity due the insured.
- If a 75-percent payment rate had been selected, the indemnity due would be \$41,190.

**Note:** If the insured's allowable expenses for the current crop year falls below 70 percent of the approved expenses (\$63,480 X 70 percent = \$44,436), the approved AGR will be reduced.

This summary is for general illustration purposes only. Please contact a private crop insurance agent to learn more about AGR.

**Table 1—Pilot Counties for the 2004 Crop Year**

<b>State</b>	<b>Counties/Cities</b>
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, Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Harford, Howard, Kent, Montgomery, Prince George's, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, and Worcester (20 counties), and Baltimore City
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 (26 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

## Contact Information

For AGR program information, agents and producers can contact the following Risk Management Agency regional offices:

For **California**, contact:  
Davis Regional Office  
Attn: James Otto  
430 G Street, Suite 4168  
Davis, CA 95616  
Phone: (530) 792-5870

For **Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Virginia**, contact:

Raleigh Regional Office  
Attn: Cliff Parker  
4407 Bland Road, Suite 160  
Raleigh, NC 27609  
Phone: (919) 875-4880

For **Michigan**, contact:  
Springfield Regional Office  
Attn: Thomas McKean  
3500 West Wabash  
Springfield, IL 62707  
Phone: (217) 241-6600

For **Florida**, contact:  
Valdosta Regional Office  
Attn: Dale Rackley or Paul Walden  
106 South Patterson St., Suite 250  
Valdosta, GA 31601-5609  
Phone: (912) 219-2219/2206

For **Idaho, Oregon, and Washington**, contact:  
Spokane Regional Office  
Attn: Dave Paul  
112 N. University Road, Suite 205  
Spokane, WA 99206-5295  
Phone: (509) 353-3149

This factsheet provides certain features of the AGR plan and is not comprehensive to the AGR policy. The information presented here neither modifies nor replaces terms and conditions of the basic policy, the AGR provisions, or county actuarial document.

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