United States Department of Agriculture

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A Risk Management Agency Fact Sheet

Adjusted Gross Revenue-Lite (AGR-Lite)

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Adjusted Gross Revenue-Lite (AGR-Lite) is a whole-farm revenue protection plan of insurance. 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, except Adjusted Gross Revenue (AGR). When producers purchase both AGR-Lite and other Federal crop insurance, the AGR-Lite premium will be reduced.

The AGR-Lite concept:

- Uses a producer's 5-year historical farm average revenue reported on the IRS 1040 Schedule F tax form, other IRS farm tax forms, 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; and
- Establishes revenue as a common denominator for the insurance of all agricultural commodities.

AGR-Lite Timeline

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

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. The insurance year is designated by the calendar year in which the sales closing date occurs.

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

Availability

AGR-Lite is available in: Alaska (selected counties), Connecticut, Delaware, Idaho, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York (selected counties), North Carolina, Oregon, Pennsylvania (except Philadelphia County), Rhode Island, Vermont, Washington, and West Virginia.

Producer Eligibility

To be eligible for AGR-Lite coverage, a producer must:

- Be a U.S. citizen or legal resident.
- File a calendar year or fiscal year farm tax return.
- Have less than $512,821 in approved gross income; coverage is limited to $250,000.
- Have appropriate IRS tax forms available for the previous 5 consecutive years under the same tax entity (for exceptions, contact your crop insurance agent).
- Have no more than 50 percent of total revenue from commodities purchased for resale.
- Have no more than 83.35 percent of total revenue from potatoes.

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.

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, if applicable.

Choosing a Revenue Guarantee

Coverage levels and payment rates vary with the number of commodities produced and are selected by the producer from the Special Provisions of Insurance (see below). AGR-Lite liability is calculated by multiplying the approved adjusted gross revenue by the selected coverage level and payment rate. 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. A producer selects one amount of coverage that will cover all commodities.

Available Protection Amounts

Coverage Level	Payment Rate	Minimum # of Commodities*	Maximum Annual Income**
65	75	1	$512,821
65	90	2	$427,350
75	65	1	$512,821
75	75	2	$444,444
75	90	2	$370,370
80	75	4	$416,667
80	90	4	$347,222

* Must meet minimum income requirements. Commodity grouping is available for increased coverage.

**The Maximum Annual Income represents the maximum approved farm revenue at each coverage level and payment rate to be eligible for AGR-Lite due to the $250,000 maximum liability allowed.

Loss Payment Example

Assumptions:

- 80% coverage level and 75% payment rate chosen
- Approved adjusted gross revenue of $100,000 and actual revenue from the farm for the year was $70,000.
- Liability: $100,000 * .80 *.75 =$60,000
- Loss Inception Point: $100,000 * 0.80 =$80,000

Loss Scenario:

- $80,000 - $70,000 revenue to count =$10,000 loss of revenue
- $10,000 X .75 payment rate =$7,500 indemnity payment

Note: If the insured's allowable expenses for the current crop year falls below 70 percent of the approved expenses, the approved AGR will be reduced. This summary is for general illustration purposes only.

Contact Information

Please contact a private 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/.

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