USDA United States Department of Agriculture

A Risk Management Agency Fact Sheet

Adjusted Gross Revenue

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Adjusted Gross Revenue

The Adjusted Gross Revenue (AGR) Insurance Plan provides protection against low revenue from natural causes and market fluctuations. The policy covers income from agricultural commodities, income from animals, animal products, and aquaculture species reared in a controlled environment. Adjusted Gross Revenue:

- Uses your historical Internal Revenue Service (IRS) tax form (Schedule F or equivalent forms) information and an annual farm report as a base;
- Provides insurance for multiple agricultural commodities in one product; and
- Establishes revenue as a common denominator for the production of all agricultural commodities.

Availability

AGR insurance is available in California (selected counties), Connecticut, Delaware, Florida (selected counties), Idaho (selected counties), Maine, Maryland (selected counties), Massachusetts, Michigan (selected counties), New Hampshire, New Jersey, New York (selected counties), Oregon (selected counties), Pennsylvania (selected counties), Rhode Island, Vermont, Virginia (selected counties), and Washington (selected counties).

Insured Causes of Loss

You are protected against revenue loss due to any unavoidable natural occurrences during the current or previous insurance year or due to market fluctuations that cause a revenue loss during the current insurance year. No payment is made for losses due to the following:

- Negligence, mismanagement, or wrongdoing by the policyholder, the policyholder's family, household members, tenants, employees, or contractors;
- Crop abandonment;
- Bypassing of acreage; or
- Other causes listed in the insurance policy.

Eligibility

To meet the eligibility criteria for AGR coverage you must:

- Be a U.S. citizen or resident;
- File a calendar-year or fiscal-year farm tax return;
- Produce agricultural commodities primarily in counties where AGR is available;
- Have less than $6.5 million in liability;
- Have had the same tax entity for 7 years (filed 5 consecutive years of Schedule F tax forms, plus previous year and insurance year) unless a change in the tax entity is reviewed and approved by your insurance provider;
- Buy traditional Federal crop insurance, if available, when more than 50 percent of your expected income is from insurable commodities (when you buy both AGR and other crop insurance plans, the AGR premium will be reduced); and
- Earn no more than 35 percent of expected allowable income from animals and animal products.

AGR Timeline

Sales Closing Date - January 31.
Beginning of Insurance - January 1. For new policies, insurance coverage begins 10 days after a properly completed application is received.
Contract Change Date - August 31.
Insurance Year - Defined as a calendar year in which the sales closing date occurs and includes both calendar-year and fiscal-year filings (corresponding to your IRS tax period).
Claims - Claims are settled after taxes are filed for the insurance year.

AGR Application Information

When completing an AGR application, you must submit:

- A history calculation worksheet, including 5 years of allowable income and expense data from IRS tax returns (Schedule F or equivalent forms);
- 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
- An indication of changes that may result in lower income for the insurance year than the historical average.

Choosing a Revenue Guarantee

AGR protection is calculated by multiplying the approved AGR by the coverage level and payment rate percentage you choose from the county Special Provisions actuarial document (see table below). Coverage levels and payment rate eligibility vary with the number of commodities you produce. You may choose only one coverage amount.

Available Protection Amounts

Coverage Payment Level	Coverage Payment Rate	Minimum # of Commodities	Maximum Annual Income
65	75	1	$13,333,333
65	90	1	$11,111,111
75	75	1	$11,555,555
75	90	1	$9,629,629
80	75	3	$10,833,333
80	90	3	$9,027,777

You must meet minimum income requirements. The Maximum Annual Income represents the maximum approved farm revenue at each coverage level and payment rate to be eligible for AGR due to the $6.5 million maximum liability allowed.

Loss Payments

Loss payments are triggered when the adjusted income for the insured crop year is less than the loss inception point. The loss inception point is calculated by multiplying the approved AGR by the chosen coverage level. Once a revenue loss is triggered, you are paid based on the payment rate you chose, either 75 cents or 90 cents for each dollar lost.

Example

Assume 80-percent coverage level and 90-percent payment rate chosen, approved AGR of $94,900 and actual revenue from the farm for the year was $21,000.

$94,900	Approved AGR
0.80	Coverage level
x 0.90	Payment rate
$68,328	Liability
$94,900	Approved AGR
x 0.80	Coverage level
$75,920	Loss inception point
$75,920	Loss inception point
- $21,000	Revenue-to-count
$54,920	Revenue loss
x 0.90	Payment rate
$49,428	**Indemnity payment**

If your allowable expenses for the current crop year fall below 70 percent of the approved expenses, the approved AGR payments are reduced.

For More Information

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 see RMA's online agent locator at: www3.rma.usda.gov/tools/agents/companies. You can find policy information at: www.rma.usda.gov/policies/agr.html. You can find the premium calculator at: www3.rma.usda.gov/apps/premcalc.

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