

Unofficial instructions for AGR liability and premium estimates

The purpose of this procedure is for information and demonstration purposes only. It does not change the content or the meaning of policy provisions or approved procedures.

You must have Internet access to use this procedure.

The Adjusted Gross Revenue (AGR) insurance plan is a non-traditional, whole farm risk management tool which uses a producer's historic Schedule F tax form information (or equivalent) as a base to provide a level of guaranteed revenue for the insurance period. The AGR policy provides protection against low revenue due to unavoidable causes.

Persons who file taxes based on a calendar year or fiscal year are eligible for AGR as well those using cash or accrual accounting methods. Coverage level and payment rate above 65 % coverage level and 75 % payment rate must meet minimum income requirements. The premium calculation will determine this requirement and also provide a list of qualifying commodities.

* All commodity value for the Intended Commodity Report and should be based on value set by Ag Market News Service or agreed-upon contract pricing. If present, post-production value must removed from line entries.

All applicants will also be required to provide approved Expenses and an Inventory and Accounts Receivable Report for agricultural commodities produced prior to the insurance year, but have not been sold or otherwise disposed of at the beginning of the insurance year. Additional rules related to excluded commodities, covered and non-covered losses, allowable and excluded income and expenses, other reporting requirements and procedures may apply.

The 2001 AGR Policy and required forms are available the web sites below:

Adjusted Gross Revenue 2001 policy	http://www.rma.usda.gov/pilots/2001pilot.html
Roy Black, Michigan State University (<i>forms</i>)	http://www.aec.msu.edu/agecon/blackj/Agr.htm

1. Complete the AGR Income Worksheet for each year (1995-99) from Schedule F (or equivalent).
2. Enter each year into the Allowable Income (8) and Allowable Expenses (9) on the **Annual Farm Report**.
3. Complete the Intended Commodity Report for the upcoming crop year. *
4. Enter this information into the Premium Calculation Software for 2000/2001 at: <http://www.rma.usda.gov/tools/>
5. Enter any applicable MPCCI liability.
6. Click on MENU to "begin processing".
7. Select coverage level (65,75 or 80%) and payment rate (75 or 90%) for review.
8. Select MENU to review other coverage levels/payment rates.

2001 AGR Allowable Income Worksheet

1995 AGR Allowable Income	IRS - Schedule F	Amount
Sales of animals and other agricultural commodities bought for resale <u>less</u> the cost or other basis of such animals or commodities	line 3	
Sales of animals, produce, grains and other agricultural commodities raised	line 4	
Taxable amount of cooperative distributions	line 5 b	
Commodity Credit Corporation (CCC) loans	line 7 a	
Taxable amount CCC loans forfeited	line 7 c	

Other income	line 10	
<u>1995 TOTAL ALLOWABLE INCOME</u>		
<u>1996 AGR Allowable Income</u>	<i>IRS - Schedule F</i>	<i>Amount</i>
Sales of animals and other agricultural commodities bought for resale <u>less</u> the cost or other basis of such animals or commodities	line 3	
Sales of animals, produce, grains and other agricultural commodities raised	line 4	
Taxable amount of cooperative distributions	line 5 b	
Commodity Credit Corporation (CCC) loans	line 7 a	
Taxable amount CCC loans forfeited	line 7 c	
Other income	line 10	
<u>1996 TOTAL ALLOWABLE INCOME</u>		
<u>1997 AGR Allowable Income</u>	<i>IRS - Schedule F</i>	<i>Amount</i>
Sales of animals and other agricultural commodities bought for resale <u>less</u> the cost or other basis of such animals or commodities	line 3	
Sales of animals, produce, grains and other agricultural commodities raised	line 4	
Taxable amount of cooperative distributions	line 5 b	
Commodity Credit Corporation (CCC) loans	line 7 a	
Taxable amount CCC loans forfeited	line 7 c	
Other income	line 10	
<u>1997 TOTAL ALLOWABLE INCOME</u>		
<u>1998 AGR Allowable Income</u>	<i>IRS - Schedule F</i>	<i>Amount</i>
Sales of animals and other agricultural commodities bought for resale <u>less</u> the cost or other basis of such animals or commodities	line 3	
Sales of animals, produce, grains and other agricultural commodities raised	line 4	
Taxable amount of cooperative distributions	line 5 b	
Commodity Credit Corporation (CCC) loans	line 7 a	
Taxable amount CCC loans forfeited	line 7 c	
Other income	line 10	
<u>1998 TOTAL ALLOWABLE INCOME</u>		
<u>1999 AGR Allowable Income</u>	<i>IRS - Schedule F</i>	<i>Amount</i>
Sales of animals and other agricultural commodities bought for resale <u>less</u> the cost or other basis of such animals or commodities	line 3	
Sales of animals, produce, grains and other agricultural commodities raised	line 4	
Taxable amount of cooperative distributions	line 5 b	

Commodity Credit Corporation (CCC) loans	line 7 a	
Taxable amount CCC loans forfeited	line 7 c	
Other income	line 10	
1999 TOTAL ALLOWABLE INCOME		