Subject: NEW USDA Program - Press Release
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Greetings. Below is a press release announcing a NEW USDA risk management REVENUE PROGRAM for producers in Idaho, Oregon and Washington states. I thank you for your consideration. If you have any questions, please call (509)353-2147. Thank you! Jo Lynne Seufer, USDA/Risk Management Agency

UNITED STATES DEPARTMENT OF AGRICULTURE
RISK MANAGEMENT AGENCY
SPOKANE REGIONAL OFFICE
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USDA Announces Changes and Expansion of a
Whole Farm Insurance Pilot Program

SPOKANE, WASHINGTON, December 7, 2000 ---- Dave Paul, Director for USDA/Risk

Management Agency's Spokane Regional Office (serving Alaska, Idaho, Oregon and Washington) confirmed USDA's commitment to help strengthen the overall agriculture economy, in part, by expanding an innovative new pilot program that will guarantee that producers receive a percentage of their gross farm revenue from the sale of their agricultural commodities.

Paul stated, 'The Risk Management Agency has partnered with grower associations, other USDA agencies, agricultural lenders, extension specialists and reinsured company personnel to expand the PILOT whole farm insurance program in parts of Idaho, Oregon and Washington states, called Adjusted Gross Revenue (AGR).

The AGR pilot program will provide protection against low revenue due to unavoidable causes and is designed to provide insurance coverage for multiple agricultural commodities in one insurance product. The AGR protection is based on a five year average derived from the revenue stated on the producer's schedule F tax form (or equivalent) as the basis for establishing the revenue guarantee.

Covered farm revenue includes income from crops, other agricultural commodities and incidental amounts of income from livestock and animal products. The Federal Crop Insurance Corporation's (FCIC) Board of Directors has approved an expansion for the 2001 crop year that will make AGR available in the following Pacific Northwest state and counties:

Idaho: Canyon, Payette, and Washington counties.
Oregon: Benton, Clackamas, Columbia, Lane, Linn, Malheur, Marion, Multnomah, Polk, Washington and Yamhill counties.
Washington State: Adams, Benton, Chelan, Douglas, Franklin, Grant, Kittatas, Klickitat, Okanogan, Walla Walla, and Yakima counties.

Sales Closing Date is Wednesday, January 31, 2001.

The FCIC Board of Directors also approved major improvements in the program as requested by producers and industry representatives in the Pacific Northwest. A brief description of some improvements is included below:

1) Commodity diversity requirements were relaxed to allow more producers to qualify for higher coverage levels.

2) Higher payment rates were authorized to increase an insured's effective coverage.
3) Fiscal year tax filers are now eligible for the pilot program.
4) Eligibility requirements were relaxed for persons whose tax entities have changed when the farming operation remained substantially the same.

Treasure Valley crop insurance agent, Dave Waldo is excited about the improvements made in the program for the year 2001. Waldo recently stated: "This is the only program available that provides adequate coverage for many of our areas crops. Every grower should at least review this program with an agent." Waldo goes on to say: "AGR requires far less paperwork on the part of the grower than other MPCI programs an is a good way to lock in a floor on income."

AGR protection is calculated by multiplying the approved adjusted gross revenue by the coverage level and payment rate percentage selected by the producer. A producer selects one of the following options depending on the number of commodities in the farming operation:

Coverage Level	Payment Rate	Minimum Number of Commodities Required for Each Level
65	75	1
65	90	2 *
75	75	2 *
75	90	2 *
80	75	2 *
80	90	4 *

*Must meet minimum percent of revenue from crop qualifications

How does it work? Loss payments are triggered when the adjusted gross income for the insured year is less than the loss inception point. The loss inception point is calculated by multiplying the approved gross revenue times the selected coverage level. Once a loss is triggered, the insured is paid either 75 or 90% (the payment rate) of the revenue shortfall. The following is a loss payment example:

Assume AGR Income:

Year	Dollar Amt.
1995	$91,500
1996	$119,000
1997	$89,000
1998	$90,000
1999	$85,000

Approved AGR $94,900

Assuming an approved AGR of $94,900 and the insured's adjusted gross income for the insurance year is $21,000, at the 80 percent coverage level, the insured's indemnity is calculated as follows: Approved AGR $94,900 times 80 percent equals $75,920. $75,920 minus $21,000 revenue to count equals $54,920. $54,920 times 90 percent payment rate equals $49,428 indemnity due the insured. Also: as a comparison, if the 75 percent payment rate was selected the indemnity due would be $41,190.

The following are the new subsidy levels (approved for all coverage levels) increased under the Agricultural Risk Protection Act of 2000:

Coverage Level Percent	65/75	65/100	75/75	75/90	80/90	80/90
New Subsidy Percent	59%	59%	55%	55%	48%	48%

The subsidy is the amount of total premium paid by the USDA.

Officials with USDA's Risk Management Agency are striving to increase the availability of more risk management tools for U.S. farmers and increasing farmer participation shows that the programs are meeting needs. Federal crop insurance coverage in the Pacific Northwest totaled $307 million in 1994, and grew to over $1.2 billion for crop year 2000.

The Adjusted Gross Revenue insurance and other crop insurance policies are available exclusively through crop insurance agents. For additional information on AGR insurance, contact your local MPCI agent by January 31, 2001. A list of crop insurance agents is available at all USDA Service Centers throughout the U.S. or at the website address: www.rma.usda.gov/tools/agents/

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