

NEW Farm Insurance Plan Approved – AGR-Lite (rev. 12/04)

Most producers across Pennsylvania will have the opportunity to buy total farm revenue protection for 2003. The new pilot insurance plan is named Adjusted Gross Revenue-Lite (AGR-Lite for short) has the potential of providing meaningful crop insurance protection for virtually all kinds of crop and animal production for the vast majority of Pennsylvania's 59,000 producers. The plan was developed by the PA Department of Agriculture and approved as a new insurance plan by the USDA's Federal Crop Insurance Corporation on October 22. This was an outstanding victory for PA producers which was the result of outstanding cooperation between PDA and USDA according to PDA Secretary Sam Hayes, Jr.

Under this plan, all crops and animal production including byproducts (i.e. milk production) can be protected with one policy and only one set of historical records (as opposed to writing a policy and coming up with actual production history records for each crop). This increased simplicity will make it easier for producers understand and improve enrollment decisions. The policy is limited to maximum protection of \$100,000 annually therefore the target market will be to farms with a 5 year average of \$200,000 or less of gross sales.

AGR-Lite benefits include.

1. Whole farm gross revenue protection with a single policy that uses the marketplace to determine adjustments for quality and quantity to count towards the guarantee. The plan can also be use in conjunction with other MPCCI coverage plans as either an umbrella policy or a means to make protection available for crops presently not eligible.
2. Almost all commodities are eligible for protection including crops, greenhouse production, animals, and animal products (e.g. milk, honey, etc). There is no limit on the percentage of receipts by commodity category.
3. Only one set of records (tax records which everyone has available) is necessary to make an accurate quote for the whole farm.
4. Producers can purchase coverage levels of 80%, 75% or 65% of their 5 year revenue history based on federal tax form IRS 1040F records. Percentage indemnity payment rates of 75% and 90% are available at each level which work as co pays of other insurance programs. Producers avoid the worry of forgetting to buy coverage on one of their crops as the policy covers all farm revenue.
5. Producers have a better understanding of the program because all crops are treated with the same provisions, and the insurance works in sync with the marketplace.

6. The policy better addresses quality protection and realistic price elections because the insurance guarantees the historical results of the producer from the marketplace.
7. AGR-Lite premiums will be reduced significantly by cost sharing funds from USDA and the Pennsylvania state crop insurance assistance grants that pays 100 percent of the fee and about 20% of the producer's net premium.
8. Whole farm coverage will make the producers more credit worthy. This is because lenders will recognize the increased loan security of the policy when loss proceeds are assigned to the bank.
9. The enrollment deadline is January 31, 2003. Enrollment is done with approved crop insurance agents. To save time, producers are encouraged to take the completed a worksheet and take it with them to the agent's office. The worksheet is available on the website www.cropins.ares.psu.edu.