



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-00-020

TO: All Reinsured Companies
All Risk Management Agency Field Offices

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 6-30-00
Administrator

SUBJECT: Implementation of the Agricultural Risk Protection Act of 2000 (ARPA); and Release of other 2001 Crop Year Policy/Program Changes

BACKGROUND:

On June 20, 2000, the President signed into law the new Agricultural Risk Protection Act of 2000 (ARPA). The ARPA constitutes a major legislative change to the program and will be implemented in stages. The initial stage includes an increase in the premium subsidy, changes in the administrative fees producers must pay, and a new option that allows producers to replace low actual production history (APH) yields with adjusted transitional yields (T-yields). New policy documents have been prepared to reflect administrative fee and APH changes, and the Producer Premium Percentage (PPP) tables have been updated to include new subsidy percentages.

ACTION:

The following will apply for all county crop programs, including pilot programs, with a 2001 crop year contract change date of June 30, 2000, or later. For county crop programs with a 2001 crop year contract change date before June 30, 2000, the changes will be effective for the 2002 crop year.



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The Risk Management Agency Administers and Oversees
All Programs Authorized Under the Federal Crop Insurance Corporation

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A. ARPA CHANGES:

1. **Subsidy Changes.** The changes in subsidy are shown in the following table for each coverage level.

Coverage Level	50/100	55/100	60/100	65/100	70/100	75/100	80/100	85/100
Previous Subsidy*	55%	46%	38%	42%	32%	24%	17%	13%
New Subsidy**	67%	64%	64%	59%	59%	55%	48%	38%

* Applied to major crops under the APH coverage plan. For revenue plans, subsidy applied to yield portion of premium only. Rates of subsidy also could differ for price elections less than 100%.

** Applies to all plans of insurance (except GRP and GRIP) and all price levels within a coverage level.

- a. For crops with a June 30, 2000, contract change date, relevant producer premium percentage (PPP) tables will be revised to reflect the new subsidy schedule. (The subsidy schedule for the Group Risk Protection (GRP) plan of insurance will be different than that shown above. The new tables will be placed on the RMA website.) Premium calculators and the Data Acceptance System (DAS) will be updated to reflect the new subsidy schedule. For crops insured under Crop Revenue Coverage (CRC), Revenue Assurance (RA) and Income Protection (IP) plans of insurance, the subsidy amount will be calculated by multiplying the applicable new subsidy factor listed above by the total premium amount.
- b. For crops with August 31, 2000, and subsequent contract change dates, a subsidy table will be created that will print as the first general statement on every FCI-35, including 508(h) products such as CRC and RA. The subsidy table will also reside on the RMA website. The subsidy factors will not reside on the ADM. PPP tables will no longer be utilized. All actuarial document statements referencing PPP tables will be removed. Premium calculators, DAS, and processing for all insurance plans, including the Adjusted Gross Revenue (AGR) plan of insurance, will be updated to reflect the new subsidy schedule.

2. **Administrative Fees.** The administrative fee producers must pay for the catastrophic risk protection level of coverage (CAT) changed from \$60 per crop per county to \$100 per crop per county. For coverage levels above CAT, the fee changed to \$30 per crop per county with no maximum dollar amounts. Fees for all coverage levels may now be waived for limited resource farmers.

3. **Actual Production History (APH) Adjustment.** The ARPA allows producers to replace low APH yields with 60 percent of the applicable transitional yield (T-yield). Implementation details and procedures will be provided for discussion soon.

- B. **OTHER POLICY/PROCEDURE CHANGES NOT RELATED TO ARPA:**
 1. **Changes in the Crop Revenue Coverage (CRC) program are as follows:**
 - a. Durum wheat is no longer available in Arizona and California.
 - b. The 95% price reference has been removed from all documents.
 - c. The contract change, cancellation and termination dates in the Wheat Crop Provisions have been changed for some counties.
 - d. Continuous rating has been implemented for crop year 2001.
 - e. The 15 counties in North Dakota that are eligible for durum wheat coverage have been listed on the Commodity Exchange Endorsement - Wheat.

 2. **Changes in the Revenue Assurance (RA) program are as follows:**
 - a. Winter wheat coverage has been added in Idaho and South Dakota.
 - b. Wheat coverage has been expanded into Arkansas, Colorado, Indiana, Iowa, Kansas, Kentucky, Michigan, Missouri, Ohio, Oklahoma, and Tennessee.
 - c. Corn and soybean coverage has been expanded into Arkansas, Colorado, Kansas, Kentucky, Michigan, Missouri, Ohio, Oklahoma, and Tennessee.

The policy documents indicated below have been revised to incorporate these changes and have been placed on the RMA WebSite:

1. Common Crop Insurance Policy Basic Provisions (01-BR);
2. Catastrophic Risk Protection Endorsement (01-CAT);
3. Group Risk Plan (GRP) Basic Provisions (01-102);
4. CRC Insurance Policy Basic Provisions (Ed. 6-26-00);
5. CRC Insurance Policy Wheat Crop Provisions (Ed. 5-18-00);
6. CRC Commodity Exchange Endorsement - Wheat (Ed. 5-18-00);
7. CRC Wheat Underwriting Rules (Ed. 6-26-00);
8. CRC Wheat Questions & Answers (Ed. 5-18-00);
9. CRC Premium Calculation Worksheet (Ed. 6-26-00);
10. RA Insurance Policy Basic Provisions (Ed. 06-22-00);
11. RA Wheat Crop Provisions (Ed. 06-22-00);
12. RA Winter Wheat Coverage Endorsement (2001-WWCE-RA);
13. RA Underwriting Rules (Ed. 06-22-00);
14. RA Questions & Answers (Ed. 06-22-00);
15. RA Disclosure Statement (Ed. 06-22-00); and
16. RA Side-by-Side Comparison (Ed. 06-22-00).

DISPOSAL:

This bulletin is for the purpose of transmitting information and the expiration date is December 31, 2000.