Risk Management Agency
1996
Manager Bulletins

This File is Optimized for Adobe Acrobat Reader 3.0
Download Free frome Adobe Systems at
http://www.adobe.com

Spokane Regional Service Office
USDA Risk Management Agency
112 N University Road Ste 205
Spokane, WA 99206-5275
(509) 353-2147
Fax (509) 353-3149
Email rsowa@rm.fcic.usda.gov

Risk Management Agency 1996 Manager Bulletins 1

MGR-96-001	Extension of the Waiver of the Deadline to Cancel the 1995 Standard Reinsurance Agreement
MGR-96-002	Transfer of Contracts Between FSA and Reinsured Companies
MGR-96-005	Pilot Program for Simplified Claims Processing
MGR-96-005.1	Pilot Program for Simplified Claims Processing
MGR-96-006	Extended Liberalization of the Coarse Grains Crop Provisions for the 1996 Crop Year Only Regarding Loss Adjustment Procedure for Corn Insured as Grain but Harvested as Silage
MGR-96-007	Procedure to Update Agent Lists at Farm Service Agency Local Offices
MGR-96-008	Revisions to 1996 Plans of Operation
MGR-96-009	Florida Citrus Policy Change for the 1996 Crop Year
MGR-96-010	Potato Loss Adjustment for the 1996 Crop Year
MGR-96-011	Submission of 1997 Plan of Operations
MGR-96-012	Insurability of Conservation Reserve Program (CRP) Land for the 1996 Crop Year
MGR-96-013	Distributing ASCS-423's, Report of Farm Bases/Yields/Planted Acreage
MGR-96-014	Implementing Provisions of the Federal Agriculture Improvement and Reform Act of 1996
MGR-96-014.1	Implementing Provisions of the Federal Agriculture Improvement and Reform Act of 1996
MGR-96-015	Referrals for Investigation - Producer Misrepresentation, Misinformation, andSuspected Fraud (Supersedes FCIC Notice N-9.2 Dated 06/01/92)
MGR-96-016	Tolerance Reviews for Category B Crops
MGR-96-017	Self-Certified Claims Processing for Replant Payments
MGR-96-018	Preliminary Submission of Debtor Lists
MGR-96-019	Wheat Appraisal Monitoring Program in Kansas, Oklahoma, and Texas
MGR-96-020	Crop-Hail Premium Discounts Tied to MPCI Purchases
MGR-96-021	Crop Revenue Coverage (CRC) Insurance Program Questions and Answers
MGR-96-022	1996 Loss Adjustment Advisory
MGR-96-023	Extension of 1996 Crop Year Canola Final Planting Date
MGR-96-024	Termination of the 1996 Wheat Appraisal Monitoring Program in Kansas, Oklahoma and Texas
MGR-96-025	Karnal Bunt Wheat Advisory
MGR-96-026	Extension of Crop Year 1996 Canola Final Planting Date for Minnesota
MGR-96-027	Requests to Increase Maximum Eligible Prevented Planting Acreage for the 1996 Crop Year
MGR-96-028	Greer, Harmon, Jackson and Tillman Counties, Oklahoma Cotton Crop/Special Provisions of Insurance for the 1996 Crop Year
MGR-96-029	1997 Florida Citrus Acreage Reports
MGR-96-030	Extension of Deadline to Apply for Late Planting Agreement Option
MGR-96-031	Implementing Provisions of the Federal Agriculture Improvement and Reform Act of 1996
MGR-96-032	1996 Peanut Seed Allocations
MGR-96-033	Cotton Acreage Affected by Drought Conditions in Texas and New Mexico
MGR-96-034	1996 Crop Year Acreage Reporting Dates for Limited, Additional, and Catastrophic Risk Protection Coverage for Multiple Spring Crops
MGR-96-035	Raisin Monitoring Program
MGR-96-036	Prevented Planting Coverage for Spring Wheat
MGR-96-036.1	Change to MGR-96-036 (Prevented Planting Coverage for Spring Wheat)

MGR-96-037	Insuring Grain Sorghum on Failed Wheat Acreage in Kansas, Colorado, and Oklahoma for the 1996 Crop Year Only
MGR-96- 037.1	Insuring Grain Sorghum on Failed Wheat Acreage in Kansas, Colorado, and Oklahoma for the 1996 Crop Year Only
MGR-96-038	Acceptable Cover Crops for Prevented Planting Acreage
MGR-96-040	Transmittal of the Agent Locator Directory
MGR-96-041	Procedure for Transferring Policies from Farm Service Agency Local Offices to FCIC Approved Reinsured Companies
MGR-96-042	Crop Revenue Coverage - Wheat Crop Insurance Program
MGR-96-043	Named Peril Policies
MGR-96-044	Change of Sales Closing Date for Grapes in Specific Counties in the Pacific Northwest Region
MGR-96-045	Determining Maximum Eligible Prevented Planting Acreage
MGR-96-046	Change in Spring Wheat County Designation in Eight South Dakota Counties
MGR-96-048	Announcement of Director for Insurance Services
MGR-96-049	Acreage Determination and Other Loss Adjustment Verifications for Multiple Peril Crop Insurance for the 1996 Crop Year ONLY
MGR-96-050	1997 Crop Year Prevented Planting Issues
MGR-96-051	1996 Appraisal Deviation for Smut Infected Sugarcane in Texas
MGR-96-052	Technical Correction of 1996 Blueberry Pilot Insurance Program
MGR-96-053	Flue-Cured Tobacco For Automatic Harvesting By Machine Agreement
MGR-96-054	1997 Projected Market Prices for Wheat and Rye
MGR-96-055	1997 Projected Market Prices for Barley, Malting Barley, and Oats
MGR-96-056	Raisin Reconditioning and Value Determinations
MGR-96-057	Loss Procedure For Adjusting Damaged Onions In New York
MGR-96-058	Clarification of “Competing Agency”
MGR-96-059	Guidance for Evaluating 1996 Crop Year Canola Prevented Planting Substitute Crop Claims
MGR-96-060	Final Planting Date for Winter Wheat in South Dakota
MGR-96-061	Section 508(h) Crop Insurance Policies Receiving Federal Subsidy and Reinsurance
MGR-96-062	Acceptance of Late Filed Applications in Specific Counties in South Dakota
MGR-96-063.1	Procedures Submitted In Response to Crop Revenue Coverage (CRC) and Income Protection (IP) Loss Adjustment When the Harvest Price is less than the Spring
MGR-96-064	Clarification for Peanut Loss Adjustment
MGR-96-065	Additional Guidelines Regarding Transfer of CAT Policies
MGR-96-065.1	Changes to the Additional Guidelines Regarding Transfer of CAT Policies
MGR-96-066	1997 APH Yield Adjustments for Peaches in Selected States
MGR-96-067	Retention of Original Insurance Documents by Local Agencies
MGR-96-067.1	Retention of Original Documents by Local Agencies
MGR-96-068	Crop Revenue Coverage (CRC) Expansion and Revenue Assurance Alternative Products of Insurance
IM	Compliance With MGR-96-068
MGR-96-069	1997 GRP Forage Production Program
MGR-96-070	Notice of Termination
MGR-96-071	1997 Projected Market Prices for Corn, Grain Sorghum, Soybeans and Corn Silage

BULLETIN NO.: MGR-96-001

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery & Field Offices

FROM: Kenneth D. Ackerman /s/ 1/11/96
Deputy Administrator

SUBJECT: Extension of the Waiver of the Deadline to Cancel the 1995 Standard Reinsurance Agreement

All reinsured companies have until the close of business, January 26, 1996, to execute and return to the Federal Crop Insurance Corporation (FCIC), the Mandatory Amendment No. 1 required by the Federal Crop Insurance Reform Act of 1994. This bulletin serves as FCIC's notice to terminate the 1995 Standard Reinsurance Agreement at the end of the 1996 reinsurance year if the Mandatory Amendment No. 1 is not executed by each reinsured company and returned to FCIC by close of business, January 26, 1996.

United States Department of Agriculture | Farm Service Agency | Office of Risk Management | Washington, D.C. 20250

BULLETIN NO.: MGR-96-002

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Transfer of Contracts Between FSA and Reinsured Companies

BACKGROUND:

The Farm Service Agency (FSA) anticipates that many producers who purchased catastrophic risk protection (CAT) policies from FSA in 1995 will purchase buy-up coverage from reinsured companies in 1996. In some cases, policyholders may transfer their coverage from a reinsured company to FSA.

ACTION:

Reinsured companies should send requests for cancellation of FSA contracts to the appropriate FSA local offices. Reinsured companies and FSA offices should follow the procedures outlined in the 1996 Federal Crop Insurance Corporation (FCIC) 18100 Catastrophic Risk Protection Handbook, Section 4.L, pages 31 and 32, to transfer coverage between FSA and the reinsured companies.

The FCIC automated policyholder tracking system should be used to establish prior year experience including the experience of a CAT policy written by FSA. Reinsured companies should transmit the Record Type 14 with the experience flag turned on. The data that was used to establish experience for the prior year will be available to the reinsured company.

Refer to the FCIC 18010 Crop Insurance Handbook and FCIC Manual 13, Data Acceptance Handbook for additional detail and instructions in the transfer of experience.

BULLETIN NO.: MGR-96-005

TO: All Reinsured Companies
All Risk Management Field Offices

FROM: Kenneth D. Ackerman /s/ KDA 3/4/96
Deputy Administrator

SUBJECT: Pilot Program for Simplified Claims Processing

BACKGROUND:

The Federal Crop Insurance Corporation (FCIC) received proposals to streamline the final claim loss adjustment process by allowing the insured to certify harvested production and unit acreage when certain underwriting conditions were met. FCIC and insurance industry representatives discussed similar proposals during implementation of the Federal Crop Insurance Reform Act of 1994, as a means to simplify the crop insurance program and better utilize resources. These proposals contained economies in the loss adjustment process and emphasized the need to expedite claims meeting certain criteria. FCIC has considered these proposals and developed standards to implement Simplified Claims Processing (SCP).

ACTION:

A pilot program for SCP is approved beginning with the 1996 crop year. Approved reinsured companies are authorized to allow insureds to certify harvested production and unit acreage.

1 The crops and criteria for a claim to qualify for SCP follow:

A. Only the following 12 crops are eligible: almonds, corn, cotton, grain sorghum, peanuts, peas (green/dry), popcorn, soybeans, sugar beets, canning and processing sweet corn, tobacco, and wheat.

B. Only crop policies placed in the commercial fund are eligible.

C. Crop policies with more than one unit earning premium are not eligible.

D. The indemnity must not be greater than $1,000 for the individual crop policy, except almonds, which must not be greater than $2,000.

E. All of the acreage must be harvested. No portion of the crop may be left in the field.

F. All production must be sold or commercially stored and shown on a settlement sheet or similar third party ledger. Individual load weight tickets are not acceptable.

G. Claims involving any of the following conditions are not eligible:

(1) Farm-stored production, even if weighed and returned;

(2) Zero production;
(3) Prevented planting;
(4) Production fed to livestock;
(5) Nonstandard Classification System (NCS) insureds;
(6) FSA or company employees, loss adjusters, and agents;
(7) Contracts receiving an indemnity under the SCP process during either of the previous 2 crop years;
(8) Delayed claims;
(9) Delayed notices;
(10) Corrected claims;
(11) A revised acreage report; or
(12) Quality adjustment, except that SCP can be used for corn, soybeans, and grain sorghum when the quality adjustment is due only to a test weight shown on the test weight discount factor chart. Do not use SCP if any "zero value" production is involved.

H. The insured is to provide the reinsured company with (1) the summary sheets listing all of the harvested production (individual load weight tickets not acceptable), and (2) a copy of either the FSA acreage certification or copies of the aerial photos identifying the planted crop acreage. These records are to be maintained in the insured's file folder.

2. Reinsured company participation in the SCP pilot is as follows:

A. Voluntary. The pilot will be continuously monitored and may be modified or withdrawn from any or all reinsured companies at any time. All participants must assist in evaluating the SCP effectiveness for reducing costs, simplifying paperwork, avoiding vulnerabilities in program administration, and determining accurate premium and indemnity amounts.

B. SCP forms designed specifically for this purpose must be approved by FCIC. The form must contain the same loss information as claims completed in the traditional manner including penalty and certification statements, United States Code references, and applicable insured and company representative signatures.

C. The SCP will be coded for Data Acceptance System (DAS) processing. All applicable DAS edits and all policy and procedural requirements will apply to SCP. Reinsured companies will be responsible for assuring that the pilot program will be administered in a way that the information collected and submitted through DAS is accurate. A claims data field will be added to the DAS system for identifying SCP.

D. Reinsured companies must use discretion in the use of this procedure. Use of this type of inspection is NOT permitted if abuse occurs or is suspected. Examples of need for caution is when insureds have a history of uninsured causes of loss or the reported cause of loss is a peril that normally does not occur in the area. Farm inspections are required under such circumstances. Reinsured companies may impose more stringent standards.

E. einsured companies must include in their Plan of Operation (or submit an amendment) a description of the proposed pilot program. The description must:

(1) Identify crops and areas (state(s) and county(ies)) included in the SCP pilot.

(2) Identify who will be responsible to identify and complete the SCP claims.

(3) Describe the field level spot-check plan to be used to supervise this pilot.

(4) Identify the methodology for measuring and comparing the experience of the pilot program to previous years' claim processing experience in the pilot area. Data from at least the previous 3 years' claim processing experience for same area and crops as the pilot program should be used as a benchmark for comparing the same type of information for the year or years of the pilot program.

F. Reinsured companies must submit by February 1 of each year, to Reinsurance Services Liaison Branch (RSLB), an evaluation including at least the following items: (1) number of insured/agent complaints or problems associated with claim information or the claim process, (2) number of corrected claims, (3) controversial claims resulting from SCP, (4) SCP review results, (5) costs/benefits of processing simplified claims, and (6) time spent obtaining and processing simplified claims.

G. Reinsured companies will be advised by the RSLB of the acceptance or rejection of the Plan of Operation and proposed evaluation plans. The reinsured company's compliance history and experience will be considered in determining acceptance of the insurance provider's proposal.

H. Reinsured companies must spot check, at the field level, at least 15 percent of the SCP units during the pilot and provide its review results along with items identified above. Current FCIC tolerances to identify claims requiring a corrected claim will be used in this SCP pilot program.

3. FCIC will conduct on-site evaluations and reviews of the SCP pilot program's success and any areas for needed improvements.

BULLETIN NO.: MGR-96-005.1

TO: All Reinsured Companies
All Risk Management Field Offices

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Pilot Program for Simplified Claims Processing

<u>BACKGROUND:</u>

The Federal Crop Insurance Corporation (FCIC) announced a Simplified Claims Processing (SCP) pilot program beginning with the 1996 crop year under Bulletin MGR-96-005. This bulletin contained the criteria for claims which would qualify under SCP and provided requirements for reinsured companies who would be participating. FCIC has received concerns that certain criteria and standards were overly burdensome and administratively difficult. FCIC has considered the concerns and amended MGR-96-005 accordingly.

<u>ACTION:</u>

All criteria and standards not explicitly modified herein remain as previously announced in Bulletin MGR-96-005. Reinsured companies participating in the SCP pilot must assure that all criteria and standards contained in MGR-96-005 and those amended herein are followed.
The following items as contained in MGR-96-005 are hereby amended.

1 The crops and criteria for a claim to qualify for SCP follow:

- B All crop policies in all funds are eligible.
- C Only crop policies with basic units earning premium are eligible (policies with optional units may not be considered under SCP).
- G Claims involving any of the following conditions are not eligible: Item (9) Delayed notices is removed in its entirety.

2 Reinsured company participation in the SCP pilot is as follows:

- E This item as previously contained in MGR-96-005 is removed in its entirety.
- F This item as previously contained in MGR-96-005 is removed in its entirety.
- G This item as previously contained in MGR-96-005 is removed in its entirety.

BULLETIN NO.: MGR-96-006

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Extended Liberalization of the Coarse Grains Crop Provisions for the 1996 Crop Year Only Regarding Loss Adjustment Procedure for Corn Insured as Grain but Harvested as Silage

BACKGROUND:

The Coarse Grains Crop Provisions and Corn Handbook provide that production to count for corn acreage insured as grain but harvested as silage will be determined on the basis of the tonnage of silage harvested. Due to numerous requests to reconsider this position in light of perceived inequities for determining production to count, the Federal Crop Insurance Corporation (FCIC) issued on September 1, 1995, Bulletin No. MGR-95-036, liberalizing the Coarse Grains Crop Provisions for the 1995 crop year only. This bulletin revised loss adjustment procedure for corn insured as grain but harvested as silage. FCIC continues to receive similar comments concerning the 1996 crop year.

ACTION:

Listed below is the liberalization language contained in MGR-95-036 that will continue to be effective for the 1996 crop year only:

(1) Any insured who intends to harvest silage from acreage insured as corn for grain must notify the insurance provider of this intention before harvest. Insureds are to be immediately advised of their responsibility to notify their insurance provider if they intend to harvest silage from any corn acreage insured as grain. Upon notice, grain appraisals will be made to determine production to count, consistent with the way this situation was handled for the 1994 crop year.

Please refer to these specific procedures when determining production to count for corn acreage insured as grain but harvested as silage.

United States Department of Agriculture
Farm Service Agency
Office of Risk Management
Washington, D.C. 20250

BULLETIN NO.: MGR-96-007

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Procedure to Update Agent Lists at Farm Service Agency Local Offices

BACKGROUND:

An agent list is available to producers at all Farm Service Agency (FSA) local offices. It is essential that the agent lists are complete and up-to-date. The following procedures have been developed to update agent lists at FSA local offices.

ACTION:

A private insurance agent may be included on the agent list for any county by providing the FSA local office with a letter from the reinsured company stating that the agent is contracted by the company and properly licensed to sell multiple peril crop insurance in that state. Upon receipt of the letter, the FSA local office will make a pen-and-ink revision to the agent list to include the agent.

If you should have any questions, please contact your Reinsurance Services Liaison Branch Account Executive.

BULLETIN NO.: MGR-96-008

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, State, and County Offices

FROM: Kenneth D. Ackerman
Deputy Administrator for Risk Management

SUBJECT: Revisions to 1996 Plans of Operation

BACKGROUND:

Several reinsured companies have requested that the Federal Crop Insurance Corporation (FCIC) allow revisions to their 1996 Plan of Operation (Plan) permitting increases to state retention percentages in the Developmental fund. FCIC has determined that Plan revisions which increase reinsured company risk retention are consistent with Section 508.k.3 "Reinsurance - Share of Risk" of the Federal Crop Insurance Act, as amended. These revisions will be made during a late period of the 1996 reinsurance year; therefore, FCIC will limit allowable revisions to prevent adverse selection against FCIC.

ACTION:

FCIC will allow reinsured companies the opportunity to revise their 1996 Plans to increase retention percentages in the Developmental fund. FCIC will conduct an analysis of each revised Plan to determine if any revision adversely impacts FCIC in accordance with Section V.F.1.c. of the 1995 Standard Reinsurance Agreement. If FCIC determines that revisions to 1996 Plans adversely select against FCIC, such revisions will not be approved. The attached Plan revision form must be used for the purposes of revising 1996 Plans under this bulletin. All approvals of revised Plans will be in writing. The attached form must be received by FCIC by March 15, 1996, at the following address:

<u>REGULAR MAIL and OVERNIGHT/UPS</u>
Federal Crop Insurance Corporation
Office of the Deputy Administrator
for Risk Management
Attn: E. Heyward Baker, Rm 6727
14th & Independence Ave. S.W.
Washington, D.C. 20250

If you should have any questions, please contact your Reinsurance Services Liaison Branch Account Executive.

Attachment

MARCH 1996

Revisions to 1996 Plan of Operations Developmental Fund Retentions

State	Percent	State	Percent	State	Percent
Alabama		Louisiana		Ohio	
Alaska		Maine		Oklahoma	
Arizona		Maryland		Oregon	
Arkansas		Massachusetts		Pennsylvania	
California		Michigan		Rhode Island	
Colorado		Minnesota		South Carolina	
Connecticut		Mississippi		South Dakota	
Delaware		Missouri		Tennessee	
Florida		Montana		Texas	
Georgia		Nebraska		Utah	
Hawaii		Nevada		Vermont	
Idaho		New Hampshire		Virginia	
Illinois		New Jersey		Washington	
Indiana		New Mexico		West Virginia	
Iowa		North York		Wisconsin	
Kansas		North Carolina		Wyoming	
Kentucky		North Dakota			

APPROVED AND ACCEPTED
for

FEDERAL CROP INSURANCE CORPORATION

COMPANY

Signature

Signature

Name

Name

Title

Title

Date

Date

United States Department of Agriculture

Farm Service Agency

Office of Risk Management

Washington, D.C. 20250

BULLETIN NO.: MGR-96-009

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Florida Citrus Policy Change for the 1996 Crop Year

BACKGROUND:

Section 508 (b) of the Federal Crop Insurance Reform Act (Act) of 1994 states that catastrophic risk protection (CAT) shall offer a producer coverage for a 50 percent loss in yield--on an individual yield basis--indemnified at 60 percent of the expected market price, or a comparable coverage (as determined by the Corporation).

FCIC determined the Florida Citrus Endorsement (90-02) did not conform with the requirements of the Act because loss payments began once damage to the crop exceeded 10 percent. To conform with the Act, an interim rule was published in the Federal Register on June 6, 1995, requiring that CAT policyholders incur 50 percent damage before they are eligible for a crop insurance indemnity. This was after the April 15 contract change date. The revised Florida Citrus Endorsement (90-02) (Rev. 6-95) was forwarded to insurance providers for implementation August 29, 1995, and the interim rule was published as a final rule on December 5, 1995.

Concerns have been raised regarding the lateness of this change and the timeliness of notification to effected parties.

ACTION:

For the 1996 crop year only, CAT insureds may choose between loss computation provisions contained in the original Florida Citrus Endorsement (90-02) or those contained in the revised Florida Citrus Endorsement (90-02) (Rev. 6-95).

The CAT loss provisions changed by the interim rule and contained in the Florida Citrus Endorsement (90-20) (Rev. 6-95) will be effective for the 1997 crop year.

United States Department of Agriculture | Farm Service Agency | Office of Risk Management | Washington, D.C. 20250

BULLETIN NO.: MGR-96-010

TO: All Reinsured Companies
FSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Potato Loss Adjustment for the 1996 Crop Year

BACKGROUND:

The potato policy does not provide insurance for any loss of production due to, among other specified causes, damage that occurs or becomes evident after the potatoes have been placed in storage. In recent years, administration of these provisions has been complicated by increased infestations by diseases, particularly late blight, for which visual identification of tuber symptoms at harvest is often restricted or precluded. Procedures for handling loss adjustment have been revised and strengthened annually since the 1992 crop year, as more information has been gained in both the scientific community and the crop insurance industry.

The purpose of this bulletin is to transmit the standards for adjusting 1996 crop year potato losses due to soft rot, wet breakdown, late blight tuber rot, or other tuber rot conditions. These standards will be incorporated into the 1996 crop year potato loss adjustment standards and procedures issued and approved by the Federal Crop Insurance Corporation.

ACTION:

Insurance providers are to handle claims as follows when, due to an insurable cause within the insurance period, 5 percent or more of potatoes (by weight) have soft rot, wet breakdown, late blight tuber rot (as defined in the United States Standards for Grades of Potatoes) or other tuber rot condition, exclusive of freeze damage (follow Potato Handbook instructions), hollow heart, or other physiological disorders. Hereafter, soft rot, wet breakdown, late blight tuber rot, and other pathological tuber rot conditions will be referred to as “tuber rot.”

1 Notification Required from Insurance Providers

Insurance providers must advise all insureds in writing:

(a) to notify the provider immediately of any potato fields that are suspected of being affected by organisms or conditions that may result in tuber rot.

(b) to use recommendations from the Cooperative State Research, Education, and Extension Service (CSREES), local universities, State Department of Agriculture, or other recognized pest management specialists for controlling conditions, such as late blight, that may later lead to tuber rot.

(c) that failure to provide such notification may result in appraisals for uninsured causes of loss if it jeopardizes the ability of the insurance provider to:

- determine that the loss is due to insurable causes,
- determine the percentage of potatoes affected,
- ensure that severely affected areas have been and /or are being properly handled separately, and
- determine that other recognized good potato farming practices have been followed to minimize the loss.

(d) that if, at the time of inspection, the tubers are not showing symptoms of tuber rot, insureds must advise the insurance provider when they are going to harvest so that the insurance provider can have the opportunity to inspect the potatoes before they are placed into storage.

2 Notification Required from Insureds

Insureds must notify the insurance provider as stated in paragraph 1 (a) and (d) above.

3 Field Inspections

A When insurance providers receive notification from insureds, they are to: (1) inspect the fields prior to harvest to detect whether tuber rot, or organisms or conditions that lead to tuber rot are present, and (2) document the findings of this inspection in the policyholder's file. However, if disease or conditions are general and widespread in the area and this creates such a heavy workload that it prevents the insurance provider from making a timely inspection prior to harvest, the inspection can be made during or immediately after harvest, provided representative samples can be obtained prior to potatoes being placed in storage. If a heavy workload (or if access to fields is being restricted to avoid spreading disease to other fields) is going to prevent insurance providers from being able to obtain samples prior to potatoes being placed in storage, contact the Regional Service Office (RSO) for further instructions. See paragraph 3 D below for documentation requirements.

(1) Severely affected areas must be marked off and handled separately from the rest of the field. If the insured intends to harvest these areas separately, insurance providers are to inform the insured to keep the production from the affected areas separate from production from unaffected areas.

(2) If resources and conditions permit, the adjuster is to dig representative samples as indicated in B below. However, if vine kill prevents visual detection of vine infestation and/or it has been recommended not to dig samples at this time to avoid spreading disease to the tubers, insurance providers are to use any practical means to verify the infestation (e.g., obtaining or verifying copies of chemical receipts and spraying records to substantiate efforts taken to control the cause of the infestation).

(3) If, at the time of the field inspection, harvest has not occurred and no samples have been taken (or tubers from samples do not show physical symptoms of tuber rot), instruct the insured to notify the insurance provider of the date potatoes are going to be harvested so that the insurance provider can have the opportunity to inspect the potatoes prior to their being placed in storage.

B Representative Samples

(1) If tuber-rot symptoms are evident, loss adjusters are to take representative samples from heavily-infested areas in which the potatoes are left in the field (or storage facility if this is an inspection of stored potatoes) to determine the percentage of tuber rot.

(2) If the tubers show no symptoms of tuber rot at the time of inspection but disease or other insurable conditions that may later lead to tuber rot are evident in the vines or field, document this fact and inform the insured to notify the insurance provider immediately if symptoms of tuber rot are subsequently discovered. Instruct the insured to notify the insurance provider immediately if symptoms become evident in stored potatoes within 60 calendar days of harvest. Upon the insured's notification, the loss adjuster is to immediately obtain representative samples from infected lots of stored potatoes to verify and document the percentages of tuber rot caused by insured causes of loss.

Note: Recognized serological assay techniques or tuber samples incubated at preferred climatic conditions may be used to expedite quantification of the actual infection percentage. If laboratory facilities are needed for testing, please contact the RSO for a list of available facilities.

(3) The percentage of potatoes having tuber rot will be determined (by weight), as follows: divide the weight of infected potatoes in the sample by the total weight (infected and non-infected potatoes) of the sample.

C Production Adjustment

(1) If 5 percent or more of the sampled tubers have been affected within the insurance period and the insured does not harvest, the appraised production from the sampled area will be considered zero. Follow instructions in the Loss Adjustment Manual for completing and leaving certification forms with insureds. Include the following statement on the certification form:

> "Failure to use recognized, recommended methods to destroy unharvested or discarded potatoes to assure destruction of pathogenic organisms mayresult in the same type of disease being considered uninsurable the next crop year."

When certifications are received from insureds certifying that they have destroyed production, claims can be finalized.

(2) If an insured elects to harvest tubers from areas with a 5 percent or greater incidence of tuber rot or where loss adjusters have documented that the infection was in the field or unit before harvest, a period of 60 calendar days from the time the potatoes are harvested may be authorized for the insured to make disposition

of the affected tubers. Loss adjustment will be handled as follows:

(a) For harvested potatoes sold or utilized (or that are destroyed but could have been sold or utilized) within 60 calendar days of harvest, determine the adjusted production as the lesser of :

(i) total dollar value received or that could have been received for the production divided by the highest price election designated in the Special Provisions for the insured potato type, or

(ii) the actual production.

A minimum value of $0.80 per hundredweight will be used for any production utilized on the farm or that the insurance provider determines could have been sold or utilized for any purpose.

Example: Samples from 1000 hundredweight indicate that the production has 6 percent soft rot. Assume the production is sold for $3 per hundredweight (a total of $3000) and that the highest price election is $4.50 per hundredweight. The amount of production to count would be 666.7 hundredweight ($3000 ÷ $4.50 = 666.7).

Note: If production is sold for a price lower than a value which is reasonable, appropriate, and representative of prices paid by buyers for similar potatoes (recognizing the variable usage of potatoes by variety, condition, etc.), the insurance provider is to establish the value based on a price that could have reasonably been expected to be received for similar potatoes, expected usage, etc. Prices used will be those in the local market area in which the insured normally markets the crop to the extent feasible.

(b) For harvested production that cannot be sold or utilized and is discarded within 60 days of harvest, zero production will be counted. Follow the instructions about certification forms in paragraph 3 C (1).

(c) For any unsold production after the 60-day period, finalize the claim as soon as possible, and use the sound (nondecayed, noninfected) tuber (weight basis) appraisal that was made prior to harvest or completed at the time symptoms became apparent. For example, if 6 percent of the potatoes are affected, 94 percent of the production by weight, will be counted.

(3) If less than 5 percent of the sampled tubers are infected, a tuber-by-tuber appraisal must be made as outlined in approved potato loss adjustment procedure using sound (nondecayed, noninfected) tuber weights to determine production to count. For example, if 3 percent of the potatoes are affected, 97 percent of the production, by weight, will be counted.

D Documentation

Document the following at the time of field inspections, telephone contacts, and storage facility inspections:

(1) date of each inspection or telephone contact,

(2) producer’s management practices,

(3) fields and units where organisms and/or conditions causing tuber rot were present,

(4) extent of tuber rot discovered (indicate the percentage and type of infection in each sample taken),

(5) date of harvest and date of storage, and

(6) any other pertinent information.

4 Other Loss Adjustment Considerations

A Waiver of Production Assessed for Early Digging

Some Special Provisions state that appraisals will be made for any reduction in production that resulted from harvesting prior to the date specified in the Special Provisions. Where this is the case, no additional production (appraisal) will be assessed on potatoes (having tuber rot caused by insurable causes) that have been harvested before the date shown on the Special Provisions, provided the insured killed the vines and harvested early in order to minimize the effects of organisms or conditions causing tuber rot.

B Insured’s Awareness of Disease Problem in Previous Year

When preparing claims involving damage resulting from disease, such as late blight, follow the standards and guidelines in the Loss Adjustment Manual in the paragraph entitled “Claims Involving Severe Insect, Disease, or Weed Infestation” to determine whether appraisals for uninsured causes of loss are applicable.

For example, if it is determined that the insured was aware of the late blight problem in the preceding crop year but did not follow recognized good farming practices, some or all of the loss will be considered an uninsured loss. Failure to follow recognized, good farming practices might include, but is not limited to the following: (1) failure to adequately dispose of infected potatoes from prior year’s production according to methods recommended by representatives from CSREES, local universities, and/or the State Department Agriculture, or (2) failure to apply appropriate fungicides.

C Promoting Awareness of Recommended Practices

Insurance providers should promote to their personnel and loss adjusters an awareness of recommended production practices (such as the use and application of appropriate fungicides) for the control of organisms and conditions causing tuber rot by providing to them materials from CSREES, local universities, and/or State Department of Agriculture representatives.

BULLETIN NO.: MGR-96-011

TO: All Reinsured Companies
FSA Headquarters, State, and County Offices
All Risk Management Field Offices
All Others Interested in Multiple Peril Crop Insurance

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Submission of 1997 Plan of Operations

The Farm Service Agency (FSA), Office of Risk Management (ORM) wishes to express our appreciation for the contribution all reinsured companies made to successfully bring the 1996 Multiple Peril Crop Insurance (MPCI) program to the America's farm industry.

As you are aware, April 1, 1996, is the deadline for receipt of 1997 Plans of Operation (Plan). The term of the 1995 Standard Reinsurance Agreement (Agreement) has been extended to include the 1997 reinsurance year, thus submissions for the 1997 reinsurance year require only a submission of the 1997 Plan.

Exhibits 9 through 15, 19 and 20 must be updated and submitted. Any revisions to 1996 Plan exhibits 1 through 8, 16 , 17, 18, and 21 through 29 must also be submitted. Enclosed is a diskette containing LOTUS 1-2-3 files of Exhibit 11, 12, 13, 14, and 20. The exhibit 20 file is the Part 1 form where a reinsured company is to enter MPCI expenses. To meet the documentation requirements of exhibit 20 Parts II and III, you must also submit a copy of the 1995 Insurance Expense Exhibit that was sent to the state insurance department.

One of the regulatory standards to approve 1997 Plans is the Maximum Possible Underwriting Loss (MPUL) requirement. To assist reinsured companies in determining whether their Plan meets this requirement, the diskette has a file to calculate the MPUL. If private market reinsurance is necessary to meet the MPUL requirement, the reinsured company must submit copies of the secured reinsurance and a spreadsheet showing the impact on retained liability. A reinsured company should not submit a 1997 Plan which does not meet the MPUL requirement. Such Plans will not be approved. However, Exhibits 11 and 12 may be revised anytime during the reinsurance year to request an increase in approved premium volume when a reinsured company obtains additional private market reinsurance and/or an increase to surplus.

The attached diskette, two copies of the other 1997 Plan exhibits required or revised, and a letter signed by the person with signatory authority to sign the Agreement must be received by close of business May 3,1996. The Plan must be submitted to:

<u>REGULAR MAIL and OVERNIGHT/UPS</u>
Federal Crop Insurance Corporation
Office of the Deputy Administrator
for Risk Management
Attn: E. Heyward Baker, Rm 6727
Reinsurance Services Liaison Branch
14th & Independence Ave. S.W.
Washington, D.C. 20250

If you should have any questions please contact your Reinsurance Services Liaison Branch Account Executive at (202) 720-4232.

Attachment

United States Department of Agriculture

Farm Service Agency

Office of Risk Management

Washington, D.C. 20250

BULLETIN NO.: MGR-96-012

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Insurability of Conservation Reserve Program (CRP) Land for the 1996 Crop Year

BACKGROUND:

The Common Crop Insurance Policy, Section 9, Insurable Acreage states: "Acreage planted to the insured crop in which you have a share is insurable unless it is acreage: on which a crop has not been planted or harvested in at least one of the three previous crop years, unless ASCS classifies such acreage as cropland; ...."

ACTION:

Acreage emerging from CRP the same as any other insurable acreage provided all other conditions for insurability are met and the land is classified on the actuarial document. Actual Production History (APH) procedures DO NOT penalize producers for their inability to provide production records for the years CRP acreage was taken out of production. The number of years enrolled in CRP is simply not counted for APH purposes. For acreage emerging from CRP, follow standard approved APH procedures contained in the 1996 FCIC 18010 Crop Insurance Handbook (CIH) and 1996 FCIC 18100 Catastrophic Risk Protection (CAT) Handbook when establishing yields, accepting applications, and adding acreage to an existing unit, etc. The following chart describes several conditions that may be encountered when determining APH yields for acreage emerging from CRP and summarizes the applicable APH procedures for those conditions.

CONDITION	APH CALCULATION
For CRP acreage which was previously a part of the insured's farming operation and is now **part of an existing unit:** Note: This covers the majority of producers with CAT coverage whose unit structure is limited to policy units. For producers with buy-up policies, dividing policy units into separate units is optional.	The approved APH yield for the existing unit will also apply to the CRP acreage. Note: If acceptable yield history (for the same crop and county) has been provided for the existing unit it will also be used for the CRP acreage.
For CRP acreage which was previously a part of the insured's farming operation but is a separate unit:	a The insured may provide acceptable production history for the years the crop was grown prior to enrollment in CRP and use standard APH yield calculation. (Lack of production history for the years the land was in CRP is irrelevant.) b If the crop was grown prior to enrollment in CRP, and acceptable prior production history is not provided, 65% of the "T" Yield applies. c If the crop was not grown prior to enrollment in CRP, factored "T" Yield(s) are used, based on the greatest number of years of records provided for the crop on a different (reference) unit: ♦ 1 year 80% ♦ 2 years 90% ♦ 3 or more years 100%

CONDITION	APH CALCULATION
For CRP acreage which was previously a part of the insured's farming operation but is a separate unit: (continued)	d If the crop was grown for 1 or 2 crop years prior to enrollment in CRP, and acceptable production history is provided, the production history and factored "T" Yield(s) are used. If a greater number of years of records have been provided for a reference unit, "T" Yields are factored using the number of years of records provided for the reference unit.
If the **entire farm was enrolled in CRP** (all cropland acreage):	a If the crop was NOT grown prior to CRP, 100% of the "T" Yield is used. (New Producer) b If the crop was grown for 1 or 2 crop years prior to enrollment in CRP, the production history and 100% "T" Yields may be used. (New Producer) c If the crop was grown more than 2 crop years prior to enrollment in CRP, standard APH yield calculation methods apply. (Lack of production history for the years the land was in CRP is irrelevant.) If acceptable production history is not provided, 65% of the "T" Yield applies.

<table>
<tr><th>CONDITION</th><th>APH CALCULATION</th></tr>
<tr><td>If an insured (not a new producer) purchases, cash leases, or share rents additional CRP land:</td><td>a If added to an existing unit the existing unit's yield may be used.

b If not added to an existing unit or if added as a separate unit, a factored “T” Yield is used. “T” Yield(s) are factored using the greatest number of years of records provided for the crop on a reference unit.

Note: If share rented acreage, the production history for years the crop was grown prior to enrollment in CRP may be used if acceptable production history is provided.</td></tr>
<tr><td colspan="2">A "new producer" who has not produced the crop in the county will have an approved APH yield based on 100% of the "T" Yield (110% in a Pilot New Producer County).</td></tr>
</table>

cc: Product Development Branch
Steve Vollrath
File

FSA:R&D:PDB:SVollrath:2/28/96:816-926-7965:WP/CRP.WPD

CONCURRENCE:

________	______	______	______	_______	______	______
J.McGarry	E.Potts	S.Vollrath	G.Daniels	B.Smith	T.Hoffmann	T.Witt

United States Department of Agriculture | Farm Service Agency | Office of Risk Management | Washington, D.C. 20250

BULLETIN NO.: MGR-96-013

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Distributing ASCS-423's, Report of Farm Bases/Yields/Planted Acreage

BACKGROUND:

Reinsured companies are requesting ASCS-423's, Report of Farm Bases/Yields/Planted Acreage for 1996. As the 1996 Farm Bill has not been enacted, the Farm Service Agency (FSA) cannot provide this information.

ACTION:

When a reinsured company requests an ASCS-423, the FSA local office will provide the company with a copy of the 1995 ASCS-423. If the producer does not have a yield established in the county, the FSA local office will:

1) establish a yield, for Federal Crop Insurance Corporation (FCIC) purposes only, using similar farms to establish the yield

2) forward the established yields to the requesting company using a letter labeled **FOR FCIC PURPOSES ONLY**.

Any information sent out on a 1996 ASCS-423 is invalid.

BULLETIN NO.: MGR-96-014

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Implementing Provisions of the Federal Agriculture Improvement and Reform Act of 1996

BACKGROUND:

The Federal Crop Insurance Reform Act of 1994 required producers to obtain at least the Catastrophic Risk Protection level of insurance coverage (CAT) on all insurable crops of economic significance to maintain eligibility for many USDA programs. The requirement between program benefits and Federal crop insurance was referred to as linkage. The Federal Agriculture Improvement and Reform Act of 1996 (FAIR) changed this requirement. Producers now may maintain linkage by:

1. obtaining at least the CAT level of insurance protection, or

2. waiving eligibility for emergency crop loss assistance in connection with the crop.

Provisions of FAIR permit carryover insureds to cancel CAT level policies or allow producers of spring planted crops to enroll in crop insurance at the CAT level during an extended sales period.

FAIR provides the Secretary discretion in structuring the required waivers. Waivers can be generic, applying to some or all crops grown on a farm and for multiple years. Waivers are effective for all crop year 1996 crops. A waiver can be designated as effective until canceled. Failure to have a waiver in place while also failing to obtain or maintain Federal crop insurance will disqualify a producer from obtaining a "linked" benefit. To this extent, linkage under the crop insurance reform program still exists.

For 1996 crops, waivers can be provided up until the application for the linked benefit. By signing a waiver, a producer does not forego the ability to purchase Federal crop insurance. Nor does a waiver waive the producer's eligibility for USDA emergency loans or payments under the Noninsured Assistance Program (NAP). The waiver provision is targeted at blocking future emergency crop loss assistance programs.

A waiver must be personally signed by the producer. Since waivers are an eligibility condition for farm programs and farm loans and are not an insurance requirement, producers should be referred to local Farm Service Agency (FSA) offices for information relative to waivers.

FAIR provides a transition period following enactment during which time the producer may:

1. obtain CAT coverage for spring planted crops,

2. cancel 1996 CAT policies for crops that were insured the previous crop year if the crop insurance acreage reporting date for the crop has not passed,

3. obtain the new Malting Barley Price and Quality Endorsement or purchase limited or additional barley coverage only for the purpose of obtaining the new endorsement (see barley instructions, Par. 3).

ACTION:

I. ACCEPTANCE OF POLICIES DURING EXTENDED SALES PERIOD

CAT applications for spring planted crops with a sales closing date on or after January 15, 1996, or spring planted small grains (no fall planted acreage is eligible for coverage) with a sales closing date prior to January 15, 1996, will be accepted through May 2, 1996. Producers must be advised that the crop insurance application will not be accepted and insurance will not be in effect until 10 days after the application is signed. A preacceptance inspection is not necessary. Producers must:

1. Pay any applicable administrative fee at the time of application.

2. Certify that the crop:

   A. Has not been planted and there is reasonable basis to believe that it can be planted by the final planting date, or

   B. Has been planted and is in good condition (capable of producing at least 90 percent of the APH yield for the crop on the unit).

   Producers unable to certify to one of the statements above shall be denied coverage. Thus, they must sign a waiver to maintain linkage.

II. CANCELLATION OF EXISTING CAT POLICIES

In accordance with FAIR, insurance providers may accept cancellation of a CAT policy until May 2, 1996, provided:

1. The crop was insured the previous crop year. Cancellation provisions do not apply to crop insurance policies initially purchased for the 1996 crop year.

2. The cancellation is requested prior to the earlier of May 2, 1996, or the 1996 crop insurance acreage reporting date for the crop.

Producers may not cancel existing policies to transfer to another insurance provider during this period unless the producer has barley CAT coverage and decides to purchase a limited or additional barley policy only for the purpose of obtaining the new barley endorsement. For the 1996 crop year, carryover policies will be terminated if the administrative fee is not paid by the crop insurance acreage reporting date for the crop. Any administrative fee(s) already paid will not be refunded to the producer.

Insurance providers are encouraged to caution producers that canceling their crop insurance policy without signing the waiver may cause them to be ineligible for USDA program benefits.

III. BARLEY PRODUCERS

Insurance providers are authorized to administer the barley provisions of FAIR in order for producers to obtain coverage under the Malting Barley Price and Quality Endorsement according to the following instructions.

1. Uninsured barley producers may make application for limited or additional coverage and elect either Option A or Option B under the Malting Barley Price and Quality Endorsement in counties where the endorsement is available. Insurance coverage shall not attach to any policy obtained under this paragraph until 10 days after application. The requirements and instructions contained in Paragraph I shall apply to these applications.

2. During the extended sales period, insured barley producers may:

   A. For limited and additional coverage policyholders, cancel the Malting Barley Endorsement (95-91A) and add either Option A or Option B under the new Malting Barley Price and Quality Endorsement to the existing barley policy in counties where the new endorsement is available.

   B. Elect to change Option A or Option B, that was previously elected under the new endorsement to a different option (A or B) appropriate for their operation.

   C. For CAT policyholders, increase coverage to limited or additional coverage and add either Option A or Option B under the Malting Barley Price and Quality Endorsement in counties where the new endorsement is available. If the CAT policy is with the FSA and limited or additional coverage is purchased, the FSA will transfer the policy to the assuming insurance company. See 1996 FCIC 18100 (CAT handbook) Section 4, Par. C(2) for refunds of administrative fees and Section 4, Par. L(3) for the transfer procedure.

IV. STANDARD REINSURANCE AGREEMENT (SRA)

1. May 2, 1996, is the sales closing date for the purpose of determining the required processing date for policies written under the authority of FAIR.

2. The company must insert the code “3” in field 14 of the type 14 record if the policy is to be placed into the Assigned Risk fund.

3. The company must insert code "1" in field 47 of the type 11 record for new barley policies with the Malting Barley Price and Quality Endorsement if the record will be processed initially after the date that administrative expense reimbursements are reduced for late reporting.

4. All policies written or modified during this extended period must contain the code "6" in field 15 of the type 14 record.

5. Insertion of the codes as authorized above represents the company’s certification that the policy was written solely under the provisions of FAIR and this Bulletin.

BULLETIN NO.: MGR-96-014.1

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Implementing Provisions of the Federal Agriculture Improvement and Reform Act of 1996

BACKGROUND:

Since issuance of MGR-96-014, clarification has been requested on the applicability of provisions to perennial crops, whether a barley producer with a limited or additional coverage may increase that coverage, the definition of a carryover policy, and the production reporting date for new policies. This bulletin establishes and clarifies policy for those issues.

ACTION:

Please add the following provisions to MGR-96-014:

II.2. The cancellation is requested prior to the earlier of May 2, 1996 or the 1996 crop insurance acreage reporting date for the crop. Some crops in some counties have more than one acreage reporting date (e.g. wheat with a fall acreage reporting date and a spring acreage reporting date). If the earliest acreage reporting date has passed, the CAT policy cannot be canceled for the 1996 crop year.

II.3. An insured may cancel a carryover CAT crop policy provided the request is made by May 2, 1996, and the acreage reporting date for the crop has not passed.

A carryover policy is any policy in effect the previous year without respect to the carrier, agent, or coverage level, and is determined on a crop (by county) basis.

NOTE: This is consistent with the definition of "carryover insured" in the CAT Handbook, Section 5B(11).

This means that if an insured had additional coverage in 1995 and changed that coverage to a CAT policy within the same company, at a different company, or at a Farm Service Agency County Office in 1996, the CAT policy may be canceled if the request is received before May 2, 1996 and the acreage reporting date for the crop has not passed.

III.2.D For CAT policyholders electing limited or additional coverage and the new Malting Barley Price and Quality Endorsement (Option A or Option B) or policyholders with limited or additional coverage electing to change to or add Option A or Option B of the Malting Barley Price and Quality Endorsement: Such policyholders may increase their coverage level and/or price election.

V. PERENNIAL CROPS.

The extended sales period provided by FAIR does NOT apply to perennial crops. However, during the extended period (ending May 2, 1996), a carryover insured may cancel a 1996 perennial crop CAT policy if the cancellation request is made the earlier of the 1996 acreage reporting date or May 2, 1996.

VII. PRODUCTION REPORTING DATE

For all policies on spring crops sold during the extended sales period, the APH production reporting date is the earlier of the 1996 acreage reporting date or May 30, 1996.

United States Department of Agriculture
Farm Service Agency
Office of Risk Management
Washington, D. C. 20250

BULLETIN NO.: MGR-96-015

TO: **ALL REINSURED COMPANIES**
FSA HEADQUARTERS, PROGRAM DELIVERY AND FIELD OPERATIONS
ALL RISK MANAGEMENT FIELD OFFICES

FROM: **KENNETH D. ACKERMAN**
DEPUTY ADMINISTRATOR

SUBJECT: **REFERRALS FOR INVESTIGATION - PRODUCER MISREPRESENTATION, MISINFORMATION, AND SUSPECTED FRAUD (SUPERSEDES FCIC NOTICE N-9.2 DATED 06/01/92)**

BACKGROUND:

With the passage of the Federal Crop Insurance Reform Act of 1994 (The Act), producers of insurable crops are now able to purchase catastrophic risk protection (CAT) coverage through a crop insurance agent or a local USDA field office. The Act also created the Noninsured Assistance Program (NAP) for producers of crops for which there is currently no insurance program.

As a result of USDA field office involvement in the delivery of the CAT and NAP programs, the Federal Crop Insurance Corporation (FCIC) is reissuing the following guidelines to include provisions for Farm Service Agency (FSA) field offices (referring parties) as well as Reinsured Companies to follow if they suspect producer misrepresentation, misinformation, or fraud, waste and abuse in the course of conducting business under the Federal crop insurance program. This includes instances when the producer provides false or erroneous data, or intentionally misrepresents a material fact in an attempt to enhance potential program payments. This does not include unintentional reporting or certification errors. FCIC emphasizes that referrals must include adequate documentation as stated below under ACTION.

ACTION:

1. General Procedures. Referrals must be sent to the Compliance Field Office (CFO) that is responsible for the area where the questionable activity occurred. Any matter referred to a CFO must be fully documented with copies of all policy-file information and the facts or findings identified. The referring party shall also advise the applicable CFO director, in writing, of any actions, interviews, contacts, etc., that the referring party has completed prior to referral. Concerns involving loss adjustment or service-related activities must be supported by sufficient facts and documentation that show that all necessary inspections and related activities have been completed consistent with FCIC-approved policy and procedure. Referrals must include enough information to adequately identify the subject of the alleged wrongdoing (e.g., full names, addresses, phone numbers, etc.). Complainants who wish to remain anonymous should be instructed to contact the respective CFO to file their complaint.

2. FSA Field Office Responsibilities. Field office personnel may become aware of acts of noncompliance regarding FCIC-approved policies and procedures or receive complaints of alleged intentional misrepresentation or program fraud, waste, and abuse from producers, insureds, other Federal agencies or the general public. These cases must be handled confidentially and with tact. The CFO responsible for the geographic area from which a complaint is initiated shall be immediately notified of suspected irregularities or alleged producer wrongdoing. A memorandum must be forwarded to the applicable CFO detailing the allegation or act of noncompliance, the principals involved, and any pertinent facts and/or documents which will aid the Compliance staff in resolving the complaint. The attached Compliance Complaint Form provides a format to follow when referring complaints to CFOs.

   All complaints involving fraud, waste and abuse of FCIC programs received at Regional Service Offices (RSO) will immediately be referred to the respective CFO. Due to the responsibility of Compliance to protect the confidentiality of complainants and the information they provide, resolution of complaints concerning program abuses will be the exclusive responsibility of the Risk Compliance Division (RCD). Additionally, all contacts with the Office of Inspector General (OIG), the U. S. Attorney's Office (Civil and Criminal), or the Federal Bureau of Investigation (FBI) concerning the crop insurance program must be coordinated through the appropriate CFO. This includes referrals for investigation and inquiries concerning crop insurance policies and procedures (see Compliance Office Responsibilities).

3. Reinsured Company Responsibilities. Reinsured companies must immediately notify the applicable CFO of suspected irregularities or alleged producer wrongdoing for any matter that is not procedurally correctable by the reinsured company. The company must, in all cases, immediately review and document cases of suspected misrepresentation, fraud, waste, and abuse of the multiple peril crop insurance (MPCI) program. Such cases must be forwarded to the appropriate CFO for further review and action if the company's preliminary review and documentation reflect misrepresentation, fraud, waste or abuse. If the preliminary review does not support any acts of wrongdoing, the company must maintain on file such complaints and actions taken in determining no program violations occurred.

4. CFO Responsibilities.

   A. Cases referred to the CFOs will be recorded and tracked according to procedure. CFOs will send a letter, acknowledging their receipt of information from the referring party and relate any other information, as appropriate. The CFO will refer to the appropriate OIG office those cases that appear to have reasonable cause for full investigation.

   B. Matters that must be referred to OIG if fraudulent activity is known, suspected, or alleged, include:

      1. submission of false claims or false or fraudulent statements by employees, producers, contractors, or others; and,

      2. violations of agricultural programs involving contractors, producers, cooperators, or others.

   C. A copy of the referral will be sent to FSA's OIG Liaison Officer and the RCD Director.

   D. OIG will decide whether to accept a matter for investigation based on consultation with the Department of Justice. Once a case is accepted by OIG, all subsequent administrative actions pertaining to the subject must be coordinated with OIG. CFO directors will inform the referring parties of any actions deemed necessary by OIG and ensure administrative actions do not interfere with OIG's investigation.

E. In the event the OIG declines to investigate a matter that has been referred, FCIC will take any actions which have been determined to be necessary. The CFO that was originally contacted by the referring party will normally be responsible for any follow-up actions. Such actions will be pursued according to FCIC-approved policy, procedure and administrative sanction regulations.

You should contact the RCD Director or respective CFO with questions concerning these procedures. CFO boundaries and their addresses and telephone numbers are included as an attachment to this bulletin.

Attachments

COMPLIANCE COMPLAINT FORM

==

Date:_______________

Point of Contact:____

Title:____

Address:____

____

____

Phone:____

Subject:____

____

____

____

(If known identify individual or entity, address including county, company or FSA county office and policy number. If not a policyholder, identify subject's relationship with crop insurance, e.g., agent, loss adjuster, seed dealer, etc.)

==

ALLEGATION

==

(Describe alleged violation to include, if applicable, crop and field locations and date and time of violation. Use additional sheets of paper if necessary. Attach all supporting documents to complaint form; i.e., photographs, seed receipts, insurance documents, etc.)

____

____

____

____

____

____

____

____

____

____

____

____

____

____

____

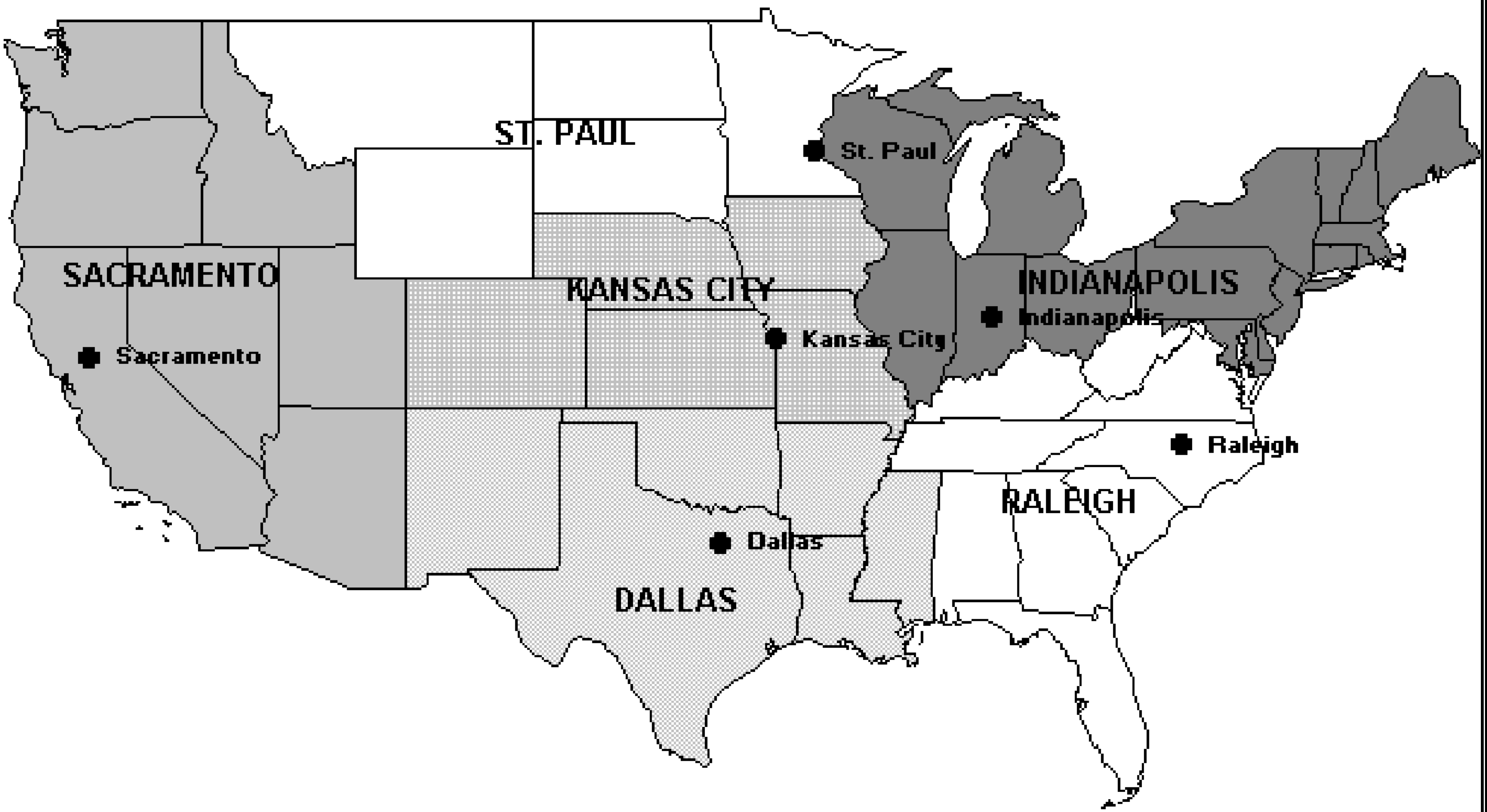
____

RCD CONTACT POINTS
FOR
INVESTIGATIVE REFERRALS

United States Department of Agriculture
Farm Service Agency (FSA)
Risk Management, Risk Compliance Division (RCD)
Garland Westmoreland, Director
Room Number 6092-S
14th and Independence Avenue, SW
Telephone - (202) 720-4996

OFFICE	ADDRESS	STATES SERVED
Dallas Risk Compliance Field Office Billy M. Pryor, Field Office Director Phone (214) 767-7700 FAX (214) 767-7721	1111 West Mockingbird Lane Suite 280 Dallas, Texas 75247	AR, LA, MS, NM, OK, TX
Indianapolis Risk Compliance Field Office Gene Prochaska, Field Office Director Phone (317) 290-3050 FAX (317) 290-3065	6905 Corporate Circle Indianapolis, Indiana 46278	CT, DE, IL, IN, ME, MD, MA, MI, NH, NJ, NY, OH, PA, RI, VT, WI
Kansas City Risk Compliane Field Office Alvin Gilmore, Field Office Director Phone (816) 926-7963 FAX (816) 926-5186	9435 Holmes Road Kansas City, Missouri 64131	CO, IA, KS, MO, NE
Raleigh Risk Compliance Field Office Johnnie Perdue, Field Office Director Phone (919) 790-2916 FAX (919) 790-2853	4407 Bland Road Suite 280 Raleigh, North Carolina 27609	AL, FL, GA, KY, NC, SC, TN, VA, WV
Sacramento Risk Compliance Field Office Larry Piatz, Field Office Director Phone (916) 498-5288 FAX (916) 498-5296	1303 J Street Suite 460 Sacramento, California 95841	AZ, CA, HI, ID, NV, OR, UT, WA
St. Paul Risk Compliance Field Office Joan Sutter, Field Office Director Phone (612) 725-3730 FAX (612) 725-3735	Yankee Square I Office 3440 Federal Drive Suite 145 Eagan, Minnesota 55122	MN, MT, ND, SD, WY

FSA Office of Risk Management Compliance Field Office Regional Boundaries



BULLETIN NO.: MGR-96-016

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Tolerance Reviews for Category B Crops

BACKGROUND:

Reinsured companies are required by Federal Crop Insurance Corporation (FCIC) Directive Number 14010, Guidelines and Expectations for Delivery of Multiple Peril Crop Insurance (Manual 14), Section 8.G(c)(1) and (2) to conduct actual production history (APH) tolerance reviews on Category B crops. Many reinsured companies have submitted data which shows that the selection process and the tolerances result in an unusually large number of reviews. FCIC has analyzed the data submitted and agrees with the companies' concerns.

ACTION:

For the 1996 crop year and until Manual 14 is revised, the requirements of Section 8.G(c)(1) and (2) are suspended and the following requirements are established for Category B crop APH reviews. Reinsured companies must review a minimum of one percent of the crop policies for each Category B crop using the following tolerances:

1) If a unit's actual APH yield reported on the current year's production report exceeds the previous year's Approved APH yield (Block 20(B)) by more than 150 percent, all units of the crop policy must be reviewed.

2) If the number of crop policies selected in Number 1 above exceeds one percent of the total policies for that crop, the crop policies which exceed the tolerance by the greatest percentage will be reviewed. All policies which exceed the 150 percent tolerance but are not reviewed because of the one percent limit will remain subject to the one percent random selection specified in Manual 14.

Additional reviews to establish program confidence may be required by the reinsured company. This bulletin does not change any other language contained in Manual 14.

The intent of this procedure is to protect against abuse in the calculation of APH yields. The objective of this selection process is to identify yields which are in error, or which may be inflated in an attempt to abuse the Federal crop insurance program. Selection of a minimum of one percent of the crop policies will provide a reasonable method to identify these potential problems.

Companies seeking relief for the 1995 crop year may limit their tolerance reviews to one percent of their 1995 Category B crop policies. If you should have any questions, please contact your Reinsurance Services Liaison Branch (RSLB) Account Executive.

United States Department of Agriculture | Consolidated Farm Service Agency | Office of Risk Management | Washington, D.C. 20250

BULLETIN NO.: MGR-96-017

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Self-Certified Claims Processing for Replant Payments

BACKGROUND:

Economies are being sought that will reduce administrative costs of the multiple peril crop insurance program while maintaining program integrity. As part of this effort, an analysis was conducted which concluded that self-certified replant (SCR) acreage could be increased from the current approved 25 gross acres (before share) without sacrificing program integrity. The analysis evaluated increasing the SCR acreage to provide payment amounts at or near the $1,000 limit established for certain self-certified claims processed under guidelines recently approved and announced by Bulletin No.: MGR-96-005.

ACTION:

Beginning with 1996 spring planted crops, acreage may be self-certified for replant claims for up to 50 gross acres. Crops eligible for SCR payments are corn, dry beans, grain sorghum, peanuts, popcorn, soybeans, sugar beets, and sunflowers. The Federal Crop Insurance Corporation (FCIC) 30010, Loss Adjustment Manual (LAM), will be revised to reflect this change. All other LAM procedures applicable in determining replant claims apply. Replant payments are available on limited and additional coverage policies only.

Individual circumstances must be recognized and appropriate underwriting measures taken to avoid program abuse. For example:

1. Care must be extended to avoid providing certification of replant claims that exceed 50 gross acres.
2. A policyholder who is suspected of past program abuse will not be permitted to certify replant acreage.
3. When a replant claim occurs in an area where the cause of loss reported is isolated or unusual or few other replant claims are reported, an inspection should be made mandatory.

United States Department of Agriculture
Farm Service Agency
Office of Risk Management
Washington, D.C. 20250

BULLETIN NO.: MGR-96-018

TO: All Reinsured Companies
All Risk Management Field Offices

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Preliminary Submission of Debtor Lists

<u>ISSUE</u>:

Insured producers who are indebted for prior year multiple peril crop insurance coverage.

<u>BACKGROUND</u>:

The Farm Service Agency (FSA) has developed an interim process to identify producers indebted under the Federal crop insurance program until such time that Ineligible Regulations are approved and the Ineligible Tracking System procedures are complete.

<u>ACTION</u>:

The attached Type 60 record format has been developed for the submission of debtor data to the Office of Risk Management (RM). One Type 60 record will be needed for all applicable debtors for each policy on which a debt exists.

There have been two changes to the Type 60 record format subsequent to the Data Processing Manager's meeting:

-- A Delete/Update Flag has been added beginning in position 1 of the 250 byte record. This flag should be used to delete records that were transmitted incorrectly. Do not use this flag to remove a debtor from the list. See the attached record descriptor for the valid values and edits.

-- The Debt Flag has been modified to a Debt/Reconsideration/Mediation Flag. This will allow for the reporting of informal reconsideration or mediation between the producer and the company. See the attached record descriptor for the valid values and edits.

Notification letters will be mailed to each producer listed as a debtor. The producer will be given 30 days from the date of the letter to take one of the following actions:

- -- Pay the debt;
- -- Establish a payment plan with the company;
- -- Establish an informal reconsideration with the company;
- -- Request mediation; or
- -- Appeal to the National Appeals Division (NAD).

The company must notify RM of any changes in a producer's debt status by transmitting a modified Type 60 record.

The Type 60 debtor records will be edited for valid information before loading into the preliminary Ineligible database. The Actuarial Branch will send instructions regarding file submission in a separate letter.

Ineligible Producer - Type 60 Record
(Format/Edit)

NO	FIELD NAME	BEGIN POS	SIZE	PIC	EDITS	
1	DELETE / UPDATE FLAG	1	1	X	*** Must be :	
					D	Delete record
					U	Update record
2	REPORTING ORGANIZATION	2	2	XX	Edit with Company Table	
3	LOCATION STATE	4	2	99	Must be a valid FIPS code	
4	COMPANY/COUNTY	6	3	999	Edit with Company Table (reinsured) or FSA county servicing office table (FSA).	
5	POLICY NUMBER	9	6	9(6)	Must be greater than 0.	
6	CROP YEAR	15	2	99	Crop year of the policy in debt or violation, cannot be blank.	
7	RECORD TYPE	17	2	99	Must be "60"	
8	POLICY REPORTING ORGANIZATION	19	2	XX	Reporting organization that established the policy. Will be edited with the company table.	
9	DEBT / RECONSIDERATION/ MEDIATION FLAG	21	1	X	Must be :	
					D	Producer is ineligible due to debt
					R	Informal reconsideration
					M	Mediation reconsideration
					If PAYMENT PLAN FLAG is "Y", must be blank.	
10	PAYMENT PLAN FLAG	22	1	X	Must be "Y" if producer was previously determined to be ineligible because of debt and has established a payment plan. Otherwise, leave blank.	

Ineligible Producer - Type 60 Record
(Format/Edit)

<table>
<tr><th>NO</th><th>FIELD NAME</th><th>BEGIN POS</th><th>SIZE</th><th>PIC</th><th colspan="2">EDITS</th></tr>
<tr><td>11</td><td>PAYMENT PLAN DATE</td><td>23</td><td>6</td><td>9(6)</td><td colspan="2">Must be date the payment plan was approved, in MMDDYY format.</td></tr>
<tr><td>12</td><td>ORIGINAL AMOUNT OF INDEBTEDNESS</td><td>29</td><td>8</td><td>9(8)</td><td colspan="2">Must be greater than 0 if DEBT FLAG is “D” or “R” or “M”. Otherwise, must be 0.</td></tr>
<tr><td>13</td><td>RECORD NUMBER</td><td>37</td><td>3</td><td>999</td><td colspan="2">A Type 60 record number 001 must exist for each contract on which a debt exists. Only one 001 per contract will be allowed. Record number 002-999 must be used for entities with SBIs in the contract .

If record number 001 has an ENTITY TYPE of 'P' and the crop year is 1994 or later, at least one Type 60 numbered 002-999 must exist.

If record number 001 has an ENTITY TYPE of ‘C’ and the crop year is 1994 or later, at least one Type 60 numbered 002-999 should exist.

For years prior to 1994, SBI data can be submitted, but is not required.</td></tr>
<tr><td rowspan="7">14</td><td rowspan="7">ENTITY TYPE</td><td rowspan="7">40</td><td rowspan="7">1</td><td rowspan="7">X</td><td colspan="2">Must be:</td></tr>
<tr><td>I</td><td>Individual</td></tr>
<tr><td>C</td><td>Corporation</td></tr>
<tr><td>E</td><td>Religious, charitable, educational, associations, clubs, or other <u>tax exempt</u> organizations</td></tr>
<tr><td>G</td><td>State or local <u>government</u>, or public entities</td></tr>
<tr><td>P</td><td>Partnership</td></tr>
<tr><td>T</td><td>Irrevocable <u>trusts</u> and estates</td></tr>
</table>

Ineligible Producer - Type 60 Record
(Format/Edit)

NO	FIELD NAME	BEGIN POS	SIZE	PIC	EDITS
14	ENTITY TYPE (CONTINUED)	40	1	X	Must be (continued) :
					O — Other (non-US Citizen)
					B — Bureau of Indian Affairs
					R — Revocable trusts
					M — Individual entity for producers under one tobacco marketing card
					U — Individual entity with undivided interests
15	BRANCH OFFICE/STATE CODE	41	2	XX	Branch Office (reinsured) or State Office (FSA) code of the location the insured should contact to settle a debt. Edit with Branch Office (reinsured) or FIPS State (FSA) table.
16	PRODUCER LAST NAME	43	20	X(20)	Must not be blank if ENTITY TYPE equals I, M, U or O. Left justify beginning in the first position.
17	PRODUCER FIRST NAME	63	10	X(10)	Must not be blank if ENTITY TYPE equals I, M, U or O. Left justify beginning in the first position.
18	PRODUCER MIDDLE NAME	73	10	X(10)	Not required. Left justify beginning in the first position.
19	PRODUCER NAME SUFFIX	83	5	X(5)	Not required. Left justify beginning in the first position.
20	PRODUCER TITLE	88	4	X(4)	Not required. Left justify beginning in the first position.
21	BUSINESS NAME	92	32	X(32)	Must not be blank if ENTITY TYPE equals C, E, G, P, B, T, or R. Left justify beginning in the first position.

Ineligible Producer - Type 60 Record
(Format/Edit)

NO	FIELD NAME	BEGIN POS	SIZE	PIC	EDITS
22	ADDRESS	124	20	X(20)	Required for all records.
23	CITY	144	18	X(18)	Required for all records.
24	ADDRESS STATE	162	2	XX	Required for all records. Must be a valid postal abbreviation.
25	ZIP CODE	164	5	9(5)	Required for all records.
26	ZIP EXTENSION	169	4	9(4)	Not required.
27	ID TYPE	173	1	9	Must be: 1 SSN 2 EIN 3 OTHER 5 BIA number
28	ID NUMBER	174	9	X(9)	Edit as shown in ENTITY AND ID Table.
29	PHONE NUMBER	183	10	X(10)	Not required. If used, must be left justified beginning in the first position with **NO** hyphens, parentheses, or special characters.
30	FILLER	193	2	XX	
31	VIOLATION FLAG	195	1	X	Must be "Y" if producer is ineligible due to material scheme or device, fraud, debarrment, or misrepresentation. Otherwise, leave blank.
32	CROP YEAR OF ELIGIBILITY	196	2	XX	Crop year the insured will be eligible. Only applies if VIOLATION FLAG is "Y". Otherwise, leave blank.
33	DATE OF DEBT/VIOLATION	198	6	9(6)	Date debt or violation established. Must be a valid date in MMDDYY format if DEBT FLAG is “D” or “R” or “M” or VIOLATION FLAG is "Y". Otherwise, zero fill.

Ineligible Producer - Type 60 Record
(Format/Edit)

NO	FIELD NAME	BEGIN POS	SIZE	PIC	EDITS
34	DATE DEBT SATISFIED	204	6	9(6)	Date debt is paid in full or otherwise settled. Must be a valid date in MMDDYY format. If DEBT FLAG is “D” or “R” or “M”, zero fill.
35	FILLER	210	16	X(16)	
36	RO CONTROL DATE	226	6	X(6)	Not required.
37	FCIC CONTROL DATE	232	6	X(6)	For FCIC use only.
38	FILLER	238	12	X(12)	
39	POSITION 250	250	1	X	FCIC will assign.

NOTE:

Combine REPORTING ORGANIZATION (Field 2) and COMPANY NUMBER (Field 4) for 5 character field and validate against the "Company Code Table".

Contract Number consists of POLICY REPORTING ORGANIZATION (Field 8), LOCATION STATE (Field 3), COMPANY/COUNTY (Field 4), POLICY NUMBER (Field 5) and CROP YEAR (Field 6).

*** For records with a DELETE/UPDATE FLAG of “U”, edits for all fields apply.

For records with a DELETE/UPDATE FLAG of “D”, only the edits for the following fields apply:

REPORTING ORGANIZATION (Field 2)
LOCATION STATE (Field 3)
COMPANY/COUNTY (Field 4)
POLICY NUMBER (Field 5)
CROP YEAR (Field 6)
POLICY REPORTING ORGANIZATION (Field 8)
ENTITY TYPE (Field 14)
ID TYPE (Field 27)
ID NUMBER (Field 28)

Using this field to Delete a record should only occur when the data was submitted in error, not to delete a producer when the debt has been satisfied.

United States Department of Agriculture | Farm Service Agency | Office of Risk Management | Washington, D.C. 20250

BULLETIN NO.: **MGR-96-019**

TO: **All Reinsured Companies**
All Risk Management Field Offices

FROM: **Kenneth D. Ackerman**
Deputy Administrator For Risk Management

SUBJECT: **Wheat Appraisal Monitoring Program in Kansas, Oklahoma, and Texas**

BACKGROUND:

Crop condition assessment reports, satellite imagery analysis, weather data, and crop modules all show that fall and winter growing conditions have been extremely poor for 1996 winter wheat in the plains states of Kansas, Oklahoma, and Texas. These reports indicate that inadequate topsoil moisture, extended periods of dry weather, and extreme cold last fall and winter resulted in poor plant growth and root development. In addition to the above mentioned conditions wheat currently breaking dormancy in extremely dry areas has also received moderate to severe wind damage.

ACTION:

Risk Management's, Risk Compliance Division (RCD), will initiate a wheat loss appraisal monitoring program review. The purpose of the review is to monitor wheat acreage releases to assure consistency between insurance providers and that approved policy and procedures are being followed. In order to determine that applicable approved appraisal procedures were followed, RCD will monitor reappraisals of unharvested acreage performed by insurance providers.

The Kansas City Compliance Office (KCO) will supervise the monitoring efforts consisting of the following counties in Kansas - ***Barber, Barton, Cheyenne, Clark, Cloud, Comanche, Decatur, Edwards, Ellis, Ellsworth, Finney, Ford, Gove, Graham, Grant, Gray, Greeley, Hamilton, Harper, Harvey, Haskell, Hodgeman, Jewell, Kearny, Kingman, Kiowa, Lane, Lincoln, Logan, McPherson, Meade, Mitchell, Morton, Ness, Norton, Osborne, Ottawa, Pawnee, Phillips, Pratt, Rawlins, Reno, Republic, Rice, Rooks, Rush, Russell, Saline, Scott, Sedgwick, Seward, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens, Sumner, Thomas, Trego, Wallace, and Wichita.***

The Dallas Compliance Office (DCO) will supervise the monitoring efforts consisting of Oklahoma Counties - *Alfalfa, Grant, Kay, and Woods* and Texas Counties - *Concho, Jones, Runnels, Taylor, and Tom Green.*

Adjustments will be made to the monitoring region during the review by RCD to expand or reduce the states and counties involved as needed. Notification will be given to each insurance provider via fax.

Effective today, all insurance providers in the monitoring regions should begin faxing the 1996 Wheat Crop Review form (See Exhibit 1), to the designated Compliance Field Office (CFO). No acreage can be put to another use until approval has been given by the CFO.

Reappraisals of wheat acreage will be conducted by company Field Supervisors/Loss Adjusters and monitored by CFO personnel. Exhibit 2 outlines the steps to follow during the wheat reappraisal. Exhibit 3 establishes the tolerance policy for determining when an appraisal is unacceptable. The appropriate Compliance Field Office will be responsible for the logistical details related to these procedures. In the event a producer wants to plant to another crop immediately, the producer will be allowed to leave representative strips for reappraisal. This will be allowed provided ALL of the following conditions are met:

1. **The representative strips will be ten feet (10') wide the entire length of the field.**

2. **The loss adjuster and policyholder decide the location of each representative strip.**

3. **The loss adjuster informs the policyholder to leave the representative strips intact until notified by the CFO.**

4. **The loss adjuster identifies on the aerial photo the location of each representative strip.**

Wheat Appraisal Monitoring Program - 1996

STEPS TO FOLLOW DURING THE APPRAISAL MONITORING PROGRAM:

1. **Insurance providers will inform loss adjusters not to finalize claims (release acreage). These claims should be finalized at the FSA county office and company level. Loss adjusters should advise insureds to keep acreage intact until it is released by the FSA or Company.**

2. **Insurance providers will provide CFO with appraisal information worksheets via fax to the appropriate office at the following addresses:**

   USDA/FSA/RISK MANAGEMENT
   Risk Compliance Field Office
   P. O. Box 419293
   Kansas City, MO 64141
   Phone Number: (816) 926-7963
   FAX Number: (816) 926-5186

   USDA/FSA/RISK MANAGEMENT
   Risk Compliance Field Office
   1111 West Mockingbird Lane, Suite 280
   Dallas, TX 75247
   Phone Number: (214) 767-7700
   FAX Number: (214) 767-7721

3. **The CFO will review the worksheets upon receipt and notify the FSA/Companies within one (1) business day which policies have been selected for reappraisal. Worksheets received after 3:00pm will be reviewed the next business day. Exhibit 1 is the worksheet to be completed by FSA/Companies for the review selection.**

4. **Insurance providers should release acreage and finalize claims for those policies not selected for reappraisal once notified by the CFO.**

5. **The CFO will coordinate and monitor reappraisals with FSA/Company Field Supervisors/Representatives within two (2) business days of policy selection and FSA/Company notification. FSA/Companies should provide CFO with the name and location of Field Supervisors/Representatives (Point of Contact) who will be responsible for conducting reappraisals.**

6. **The CFO should be notified of quality control reviews, preharvest, and growing season inspections conducted by the FSA/Companies and provided a copy of the documentation.**

Wheat Appraisal Monitoring Program - 1996

THE TOLERANCE POLICY FOR DETERMINING WHEN AN APPRAISAL IS UNACCEPTABLE WILL BE AS FOLLOWS:

1. **FCIC-approved policies and procedures <u>were not</u> followed resulting in a difference of any amount between the findings made by a reappraisal and an original appraisal.**

2. **FCIC-approved policies and procedures <u>were</u> followed, and:**

   A difference of ten percent or more exists between the results of a reappraisal and that of an original appraisal of 20 bushels or greater.

   A difference of two bushels or more exists between the results of a reappraisal and that of an original appraisal of less than 20 bushels.

When a unit is reappraised and found to contain a determination that is unacceptable, the original appraisal will be defined as incorrect. All differences in a unit loss determination defined as incorrect will be corrected by the FSA/Company.

BULLETIN NO.: MGR-96-020

TO: Al lReinsured Companies
All Risk Management Field Offices
All Headquarters, Program Delivery and Field Offices

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Crop-Hail Premium Discounts Tied to MPCI Purchases

ISSUE:

The Federal Crop Insurance Corporation (FCIC) has received information regarding the use of discounted crop-hail premiums as an incentive to producers to purchase multiple peril crop insurance (MPCI).

DISCUSSION:

Any reinsured company offering discounts on Crop-Hail premiums which are contingent upon the purchase of MPCI is in violation of the Standard Reinsurance Agreement (SRA). FCIC may take such actions as authorized by and in accordance with the SRA and the rules and regulations of FCIC including, but not limited to, not providing reinsurance, subsidy, or expense reimbursement on the associated MPCI policy. Any reinsured company employing this marketing strategy must immediately cease and desist its use.

United States Department of Agriculture
Farm Service Agency
Office of Risk Management
Washington, D.C. 20250

BULLETIN NO.: **MGR-96-021**

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Offices

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Crop Revenue Coverage (CRC) Insurance Program Questions and Answers

Questions have been raised regarding the insurability of crops under the Crop Revenue Coverage (CRC) program under certain circumstances.

QUESTIONS/ANSWERS:

1. Are air-seeded soybeans insurable under the CRC insurance program?

   Yes - Section 6.(b) of the CRC Soybean Provisions states, "That is adapted to the area based on days to maturity and is compatible with agronomic and weather conditions in the area, including air-seeded soybeans subject to our approval."

   Air-seeded soybeans are insurable under CRC subject to company approval. Insureds must complete the AIR-SEEDED SOYBEANS CERTIFICATION REPORT contained in the 1996 Crop Insurance Handbook (Exhibit 33) and submit it to their insurance provider. If the insurance provider approves the certification form, the air-seeded soybeans are covered. A written agreement is not required.

2. Is high-oil corn insurable under the CRC program?

   No - Section 6.(e)(1) of the CRC Corn Provisions excludes coverage for corn designated as high-amylose, high-oil, high-protein, flint, flour, Indian, or blue corn, or a variety genetically adapted to provide forage for wildlife or any other open pollinated corn. Corn that the seller has specifically identified or sold as one of the above is not insurable under CRC. Corn planted using cultural practices to enhance oil content (male sterile plants with male pollinators, etc.) is considered high-oil corn and is not insurable under CRC.

3. Some corn policyholders who obtained 1996 CRC were not aware until after the corn sales closing date that their "high-oil" corn was not insurable under this program. Will these policyholders be allowed to change their coverage to the standard multiple peril crop insurance (MPCI) policy?

   Yes - CRC corn policyholders in this situation will be allowed to: 1) change to standard MPCI coverage (the MPCI coverage level must be equal to or less than the CRC program unless the insured can demonstrate he or she canceled a level of MPCI coverage greater than that obtained under CRC, or 2) obtain a mutual consent cancellation for their CRC policy. Policyholders choosing a mutual consent cancellation may affect their eligibility for certain other USDA programs if they plant any acreage to corn that is insurable under an MPCI policy. CRC corn policyholders may take these actions by the sales closing date extension of May 2, 1996, for obtaining crop insurance or canceling existing Catastrophic Risk Protection policies authorized the Federal Agricultural Improvement and Reform Act of 1996 (FAIR). Reinsured companies are authorized to accept written agreements to insure high-oil corn as provided by the MPCI Coarse Grains Crop Provisions during this time. Note: Insureds who grow both high-oil corn and non high-oil corn may choose to remain insured under the CRC policy and not insure their high-oil corn by designating such as uninsurable on the acreage report.

4. Is high-risk land insurable under the CRC?

   Yes - The CRC premium rate is calculated by applying factors to the MPCI base rate. For high risk land, the High Risk Map Area Adjustment Factors from the FCI-35 are used in the CRC premium rate calculation.

5. Are written agreements for the purpose of providing reduced premium rates on high-risk land available to CRC policyholders?

   No - CRC policyholders can insure high-risk land under CRC or under a Catastrophic Risk Protection Endorsement (CRC Basic Provisions Section 2.(h)).

United States Department of Agriculture
Farm Service Agency
Office of Risk Management
Washington D.C. 20250

BULLETIN NO.: MGR-96-022

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: 1996 Loss Adjustment Advisory

BACKGROUND:

As a result of the recently announced crop insurance program changes to implement the Federal Agriculture Improvement and Reform Act of 1996 (FAIR), Risk Management has received reports of potential problems and inconsistent application of crop insurance policy and procedures. This bulletin is intended to alert insurance providers of these potential problems and to reinforce approved policy and procedure.

ISSUE 1 - EXTENDED SALES REQUIREMENTS:

Manager's Bulletins MGR-96-014 and MGR-96-014.1 allowed producers to obtain catastrophic crop insurance coverage on their spring planted crops through May 2, 1996. The bulletins stipulated that the producer must be able to certify that planted crops would produce at least 90 percent of the guarantee and that insurance would not attach for 10 days after the date of application. There have been reports of policies being written during the extended sales period in areas where losses are already general to the area. Any cause of loss which occurred prior to the date insurance attached is not insurable. Policies found to have been written outside the applicable guidelines and any losses paid on those policies will not be eligible for reinsurance. Risk Management Compliance as well as the Office of Inspector General have been apprised of reported problems and will be conducting reviews to ensure adherence to approved procedures.

ISSUE 2 - TENANTS AND LANDLORDS:

The current Common Crop Insurance Policy Basic Provisions allow a tenant (or landlord) to insure a landlord's (or tenant's) share under certain conditions. Although this provision is to be removed from the policy, it is in effect for the 1996 crop year. Reports have been received from areas with pending losses that some policyholders have been encouraged to report their landlord's (or tenant's) share under their additional coverage policy and the landlord (or tenant) encouraged to cancel their existing catastrophic coverage policy, thus ensuring a larger crop insurance indemnity for the crop.

The Common Crop Insurance Policy Basic Provisions require that policyholders who intended to use this provision of the policy to indicate their intention by the applicable sales closing date. Insurance providers should verify timely execution and reporting of such share arrangements when suspect conditions or changes in the policyholder's operation indicate a need for additional review. Risk Management Compliance, as well as the Office of Inspector General, have been apprised of reported abuses of this provision and will be conducting reviews to ensure adherence to approved procedure for the 1996 crop year.

BULLETIN NO.: MGR-96-023

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Extension of 1996 Crop Year Canola Final Planting Date

BACKGROUND:

Abnormally cool and wet climatic conditions in the upper Midwest have resulted in poor planting conditions. At this time, weather and cropland conditions indicate that excessive moisture will be a major concern in the same areas that were severely affected in 1995. Canola producers in northeastern North Dakota have been particularly affected and may not be able to plant their crop by the current final planting date of May 15, 1996.

The Federal Crop Insurance Corporation (FCIC) has received numerous requests and recommendations from the insurance industry, grower associations and Extension Service personnel to extend the 1996 canola final planting date which would give canola producers more time to complete their planting.

ACTION:

To respond to producers who have been affected by abnormally cool, wet conditions, the FCIC will extend the final planting date for crop year 1996 canola in North Dakota to May 25, 1996.

BULLETIN NO.:MGR-96-024

TO: All Reinsured Companies
All Risk Management Field Offices

FROM: Kenneth D. Ackerman
Deputy Administrator for Risk Management

SUBJECT: Termination of the 1996 Wheat Appraisal Monitoring Program in Kansas, Oklahoma and Texas

BACKGROUND:

The Risk Management's, Risk Compliance Division (RCD), initiated a wheat loss appraisal monitoring program review. The purpose of the review was to assure consistency between insurance providers and assure that approved policy and procedures were being followed. Manager's Bulletin MGR-96-019 and Notice RM-148, dated April 9, 1996, outlined procedures to be followed.

The 1996 winter wheat in the plains states of Kansas, Oklahoma, and Texas has suffered from inadequate topsoil moisture, extended periods of dry weather, and extreme cold last fall and winter resulting in poor plant growth and root development. In addition, this spring producers have carried out the practice of emergency strip tillage and in some cases progressed to solid tillage to conserve soil because of severe wind erosion. The wheat loss appraisal monitoring program revealed that loss adjusters generally followed approved appraisal procedures.

ACTION:

Effective today, the monitoring review of wheat appraisals has ended. Companies and Farm Service Agency (FSA) offices are no longer required to fax the crop worksheets to the respective compliance field offices. Issues concerning loss adjustment will be reviewed on a case by case basis. The Kansas City ompliance and the Dallas Compliance Field Offices will notify those companies and FSA offices targeted for follow-up review. Contact the respective compliance office should you have any questions.

United States Department of Agriculture
Risk Management Agency
Washington D.C. 20250

BULLETIN NO.: MGR-96-025

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Karnal Bunt Wheat Advisory

BACKGROUND:

The plant disease Karnal Bunt (Tilletia indica) has been identified in durum and winter wheat growing in Arizona, California, New Mexico, and Texas. This is the first time the disease has been identified in the U. S. and it poses a significant threat to U. S. exports. Fields of wheat found with the disease prior to heading were ordered destroyed in New Mexico and Texas, while contaminated fields already headed in Arizona and California will be harvested and tracked until it is milled or fed as livestock feed.

Insurance providers have requested information on the disease and how it affects the crop insurance program.

DISCUSSION:

The wheat crop insurance policy does not cover crop loss related to a government mandated quarantine. Therefore, losses associated with producers being required to destroy acreage prior to harvest does not qualify as an insurable cause under the policy.

The current policy covers situations where the crop is destroyed in cases affecting human or animal health (e.g. mycotoxins and aflatoxin). Karnal Bunt is not known to impact human or animal health. The policy does not address the required destruction of a crop for the purpose of containing a potential economic hazard.

The crop insurance policy covers any loss of production below the established guarantee resulting from the disease, as well as any resulting quality losses based on the U. S. Grain Standards.

Production will be eligible for quality adjustment if:

(i) deficiencies in quality, in accordance with the United States Standards for Grain, result in:

(A) wheat not meeting the grade requirements for U.S. No. 4 (grades U.S. No. 5 or worse) because of test weight, total damaged kernels (excluding heat damage), shrunken and broken kernels, or defects (excluding foreign material or heat damage), or grading garlicky, light smutty, smutty or ergoty;

If contaminated production was determined to be smutty in accordance with the U.S. Grain Standards, the quality discount would apply; however, the amount of the smut found in the quarantined grain to date has been very small in relation to the amount required to grade the grain "smutty".

After a field has been identified as infected with Karnal Bunt, the Department of Agriculture will require that no wheat or triticale be grown on the acreage for a period of four years following the current crop year.

ACTION:

Insurance providers will adjust losses for insured acreage contaminated with Karnal Bunt in accordance with existing policy and procedure. Premium which would otherwise be due on Karnal Bunt infected acres is due and payable even if the acreage is required to be destroyed by the Department of Agriculture prior to heading.

BULLETIN NO.: MGR-96-026

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Extension of Crop Year 1996 Canola Final Planting Date for Minnesota

BACKGROUND:

MGR-96-023 documented abnormally cool and wet climatic conditions in the upper Midwest which have resulted in poor planting conditions indicating that excessive moisture will be a major concern in the same areas that were severely affected 1995. In response to those conditions, the North Dakota canola final planting date was extended from May 15, to May 25, 1996.

Conditions have persisted and Minnesota canola producers will not be able to complete planting by the Minnesota canola final planting date of May 20, 1996. The Federal Crop Insurance Corporation (FCIC) has received recommendations from the insurance industry, grower associations and Extension Service personnel to extend the 1996 canola final planting date in the Minnesota counties offering the canola pilot program. Such extension would give those producers more time to complete their planting.

ACTION:

To respond to producers who have been affected by abnormally cool, wet conditions, the FCIC is extending the final planting date for crop year 1996 canola in Kittson and Roseau counties in Minnesota to May 31, 1996.

United States Department of Agriculture
Farm Service Agency
Office of Risk Management
Washington, D.C. 20250

BULLETIN NO.: MGR-96-027

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Requests to Increase Maximum Eligible Prevented Planting Acreage for the 1996 Crop Year

BACKGROUND:

Crop policies that provide prevented planting coverage require that insurance providers must agree in writing, on or before the sales closing date, to increase the maximum acreage eligible for prevented planting coverage.

Due to the significant increase in the volume of requests to increase maximum eligible prevented planting acreage, the Federal Crop Insurance Corporation (FCIC) has been advised that it was unreasonable to expect that insurance providers were able to take action on all such requests by the 1996 crop year sales closing date.

ACTION:

Effective immediately, FCIC is liberalizing the prevented planting policy language to allow insurance providers until May 31, 1996, to take action on requests made by insureds by the 1996 sales closing date requests to increase prevented planting acreage.

BULLETIN NO.: MGR-96-028

TO: All Reinsured Companies
All Risk Management Of
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Greer, Harmon, Jackson and Tillman Counties, Oklahoma Cotton Crop/Special Provisions of Insurance for the 1996 Crop Year

BACKGROUND:

The 1996 Special Provisions of Insurance Crop Year for irrigated and non-irrigated cotton in certain Oklahoma counties list the final planting date as June 20, 1996. The Federal Crop Insurance Corporation (FCIC) has been advised that this date is set too late in the growing season to initially plant or replant irrigated indeterminant long staple “picker” type cotton in Greer, Harmon, Jackson, and Tillman counties, Oklahoma.

The nonirrigated cotton planted in this region is a determinant short staple "stripper" type cotton that matures early and fits the June 20 final planting date. However, cotton planted on approximately 40,000 irrigated acres in southwestern Oklahoma is an indeterminant long staple “picker” type that requires a longer growing season. If this irrigated type of cotton is planted after June 10, it suffers a significant decline in yield due to the reduced chance of obtaining the necessary heat degree days needed to make a crop. Requiring producers to replant for June 10 could have a negative impact on the expected yield.

FCIC received numerous recommendations in support of moving the final planting date for this cotton from June 20 to June 10. Documentation submitted from Oklahoma State University confirms the decline in irrigated indeterminant long staple “picker” type cotton yields when planted after June 10.

ACTION:

Due to documentation and support, we are amending the Oklahoma Cotton Special Provisions of Insurance for Greer, Harmon, Jackson, and Tillman Counties:

> *FCIC has determined that the June 20 final planting date listed on the Special Provisions of Insurance for Greer, Harmon, Jackson and Tillman Counties, Oklahoma is not correct for irrigated indeterminant long staple "picker" type cotton. For the 1996 crop year only, producers will not be REQUIRED to initially plant or replant to irrigated indeterminant long staple "picker" type cotton after June 10 in Greer, Harmon, Jackson, and Tillman counties, Oklahoma.*

The Oklahoma Regional Service Office will submit a recommendation to change Special Provisions of Insurance final planting date from June 20 to June 10 for irrigated indeterminant long staple "picker" type cotton in Greer, Harmon, Jackson and Tillman Counties, Oklahoma for the 1997 crop year.

United States Department of Agriculture | Risk Management Agency | Office of the Administrator | Washington, D.C. 20250

BULLETIN NO.: MGR-96-029

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Offices

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: 1997 Florida Citrus Acreage Reports

BACKGROUND:

Numerous changes were made to the 1997 Florida citrus actuarial rating structure to eliminate 300-plus aerial photographs per county and the need to call the Regional Service Office (RSO). The rate structure has been simplified and maps provided to allow the agent to directly determine an insurance offer without the need to contact the RSO. These changes empower the private insurance agent to assist producers in making the best risk management decisions without the need for outside intervention.

Unlike other crops, Florida citrus has a very short time period for carryover insureds to be notified of policy and actuarial changes prior to the cancellation/acreage reporting date of April 30. Risk Management recognized this disparity and recently completed the public comment period for a rule that proposed to change the Florida citrus policy contract change date to March 15. This would allow agents and insureds more time to learn of and deal with policy and actuarial changes. If the proposed rule is adopted, the new policy will be in effect for the 1998 crop year.

Concerns have also been raised regarding differences in the final date by which Florida citrus insureds may change their policy coverage. This issue was addressed in MGR-95-014 for the 1996 crop year.

ACTION:

Effective immediately, Florida citrus acreage reports will be accepted for the 1997 crop year through May 31, 1996, except for new policyholders. New policyholders must submit their acreage reports by the latter of May 31 or when the application for insurance is submitted. Crop inspections are not required for Florida citrus acreage reports obtained by May 31, 1996. The cancellation date is not changed; it remains April 30, 1996.

In addition, MGR-95-014 will remain in effect for the 1997 crop year.

BULLETIN NO.: MGR-96-030

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Extension of Deadline to Apply for Late Planting Agreement Option

BACKGROUND:

Abnormally cool and wet climatic conditions in the upper Midwest have resulted in poor planting conditions. At this time, weather and cropland conditions in many states indicate that excessive moisture will be a major concern, and some producers may not be able to complete planting by the final planting date for their crop.

The Federal Crop Insurance Corporation (FCIC) is beginning to receive requests to extend the final planting date to give producers more time to complete their planting and have multiple peril crop insurance coverage. However, the Late Planting Agreement Option is the contractual vehicle to provide coverage on crop acreage planted after the final planting date. While many crops have late planting provisions as part of the crop policy, the following crops require the insured to sign a Late Planting Agreement Option before the final planting date for the crop.

C&P Beans
C&F Sweet Corn
C&P Tomatoes
Dry Beans
Guaranteed tobacco
Onions
Peanuts
Peas (Green and Dry)
Popcorn
Potatoes
Quota Tobacco
Safflower Seed
Sugar Beets

ACTION:

To provide late planting coverage to insureds who may not have been aware of the requirement to sign the Late Planting Agreement Option for the above crops, the FCIC will allow insureds to sign the Late Planting Agreement Option up to the end of the late planting period (20 days past the final planting date for the crop).

(d) Insurance premiums will be due and payable on any unit eligible for an indemnity.

(2) For any loss that occurs after July 3, 1996, the producer will be eligible for an indemnity regardless of whether the producer was out of compliance with the sodbuster or swampbuster provisions at any time during the crop year.

<u>Insurance providers will be required to verify the dates of all causes of loss.</u>

The Controlled Substance Provision of the Food Security Act of 1985 was unaffected by the 1996 Act, therefore, the policy provisions related to controlled substance violations remain in effect.

BULLETIN NO.: MGR-96-031

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth Ackerman
Acting Administrator

SUBJECT: Implementing Provisions of the Federal Agriculture Improvement and Reform Act of 1996

BACKGROUND:

The Food Security Act of 1985 contains provisions that restrict a producer's eligibility for crop insurance if an insurable commodity is produced on any acreage which is classified as predominantly highly erodible land or converted wetland. These restrictions, commonly referred to as sodbuster and swampbuster provisions, apply to commodities planted in any crop year after the date of enactment of the Food Security Act of 1985, unless expressly exempted.

The Federal Agriculture Improvement and Reform Act of 1996 (1996 Act) amends the sodbuster and swampbuster provisions so that they no longer affect a producer's eligibility for crop insurance. Since these changes are effective 90 days after the April 4, 1996, enactment of the 1996 Act, they take effect on July 3, 1996.

ACTION:

Effective on July 3, 1996, crops produced on highly erodible land or converted wetland are eligible for crop insurance. Since this amendment occurs in the middle of the crop year, the following applies:

(1) For losses that occur on a unit on or before July 3, 1996:

(a) Producers are still required to be in compliance with the sodbuster and swampbuster provisions until July 3, 1996.

(b) Insurance providers are required to verify compliance with the sodbuster and swampbuster provisions. Producers who falsely certify to compliance with the sodbuster and swampbuster provisions are subject to administrative or criminal penalties.

(c) Producers not in compliance with sodbuster or swampbuster on the date that the cause of loss occurs on a unit, will not be eligible for an indemnity payment on that unit. No premium will be due for any unit that is ineligible for an indemnity under these circumstances. After such a loss, the producer will have the option of canceling thepolicy for the crop year or maintaining the policy to be eligible for an indemnity for losses on any other unit that may occur after July 3, 1996.

BULLETIN NO.: **MGR-96-032**

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: 1996 Peanut Seed Allocations

BACKGROUND

The Federal Agriculture Improvement and Reform Act of 1996 (1996 Act) provides that a temporary allocation of quota pounds for each marketing year in which the crop is planted will be made to producers for each of the 1996 through 2002 marketing years, equal to the pounds of seed peanuts planted on the farm. The temporary seed allocation will be in addition to the farm basic poundage quota and will be credited for the applicable marketing year only.

Since allocations are based on planted acres, Farm Service Agency (FSA) county offices will not be able to credit allocations to farm quotas before producers must report their quotas and planted acreage to their insurance provider. The temporary allocation will be based on standardized seeding rates for each type of peanuts.

ACTION

For the 1996 crop year, peanut producers are to report their effective marketing quota from the FSA 1001, plus the additional poundage quota allocation for seed, when they report their planted acres to the insurance provider. Insurance providers are to use the following temporary Quota (lbs.) Per Acre in the table below to calculate insurable quota poundage for each insured farm. Temporary quota allocations for the unit will be based on a producer's planted acres, times the Quota (lbs.) Per Acre, by type, (excluding peanuts harvested as green peanuts and peanuts planted under the 1 acre provision).

TYPE	QUOTA (LBS.) PER ACRE
Spanish and Valencia	120
Runner	145
Virginia	165

Example: CAT and additional coverage (1 unit)

FSN A-145 = Runners Acres 80.0 X 145 Quota (lbs.) Per Acre	=	11,600
FSA A-263 = Spanish Acres 65.3 X 120 Quota (lbs.) Per Acre	=	7,836
	Temporary Seed Allocation =	19,436
FSN A-145 Effective Marketing Quota (FSA-1001)	=	185,000
FSN A-263 Effective Marketing Quota (FSA-1001)	=	120,000
	Acreage Report Quota=	324,436

If the final acreage reporting date has passed, a revised acreage report is required to add the temporary quota allocation to the **reported** effective marketing quota on the acreage report for the unit. A crop inspection to increase liability is **not** required even if the unit is in a loss situation. However, if the **reported** effective marketing quota and/or the acreage for the unit was under-reported, a crop inspection is required to increase the **reported** effective marketing quota and/or the acres. All revised acreage reports will require the insured's signature.

Early season crop losses may occur before temporary seed quota allocations are completed and recorded by the FSA county office. For such instances, producers are to be instructed by the insurance provider, to contact their respective FSA county office and request an expedited seed allocation. The FSA county office shall record the effective marketing quota, including the temporary quota allocation, on the marketing card (Smart Card). Peanut final claims will be based on the lesser of the following:

- the effective marketing quota on the revised acreage report (as stated above) for the unit; or

- the FSA effective marketing quota for the unit, prior to any fall transfers (transfers occurring after July 31), as determined at the time of final claim. Hard copy documentation of fall transfers are to be obtained from the FSA office for the county and retained in the policyholder's file.

Transfers of quota prior to August 1, may reduce the unit liability according to existing procedure.

BULLETIN NO.: MGR-96-033

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Cotton Acreage Affected by Drought Conditions in Texas and New Mexico

BACKGROUND:

Abnormally dry conditions have delayed the initial planting of cotton acreage in Texas and New Mexico to what is now near the final planting date. Generally, in these areas acreage planted after the final planting date has reduced or no chance of reaching full maturity before the normal frost/freeze date for the area.

The FCIC 30090, Cotton Handbook issued in July 1995, provides for an appraisal deviation for releasing cotton acreage seven days after the applicable published final planting date under abnormally dry conditions. This deviation may be authorized when little or no rain occurs in a cotton growing area and insured producers dry-plant nonirrigated cotton acreage by the applicable final planting dates for the county.

Questions have also been raised regarding whether producers in these areas would be eligible for prevented planting due to the abnormally dry conditions.

ACTION:

For the 1996 crop year only, an appraisal deviation is being authorized in counties in Texas and New Mexico with published cotton final planting dates of May 31 through June 20. This authorization allows insurance providers to release nonirrigated cotton acreage that has been dry planted by the final planting date to be put to other use beginning seven days after the final planting date. If moisture is received within the 7-day period after the published final planting date, appraisals must be deferred to determine if such seed will germinate. If the seed does germinate and produces a stand, the appraisal must reflect the crop potential based on the stand. Use of this appraisal deviation must be documented by the adjustor before a claim can be processed on such acreage.

To qualify for prevented planting producers must meet the definition of the policy: “Inability to plant the insured crop with the proper equipment . . . You must have been unable to plant the insured crop due to an insured cause of loss that has prevented the majority of producers in the surrounding area from planting the same crop.” As many producers are planting or have planted cotton in these states, it is anticipated the definition of prevented planting may not be met in many or most parts. Risk Management Agency, in full consultation with all insurance providers and local specialists, will review potential situations in which the definition of prevented planting may apply. Producers' needs to protect against soil erosion and remain in compliance with conservation plans will be an important factor considered in this process.

United States Department of Agriculture | Farm Service Agency | Office of Risk Management | P.O. Box 419293 Kansas City Missouri 64141-6293

INFORMATIONAL MEMORANDUM: MGR-96-034

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery & Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: 1996 Crop Year Acreage Reporting Dates for Limited, Additional, and Catastrophic Risk Protection Coverage for Multiple Spring Crops

BACKGROUND:

Bulletin MGR-95-007 issued on February 28, 1995 and MGR-95-007.1 issued on April 3, 1995, in part, allowed producers insuring multiple spring crops until the latest acreage reporting date for those crops to report their acreage. This determination was applicable for limited, additional, and catastrophic risk protection policies for the 1995 crop year.

ACTION:

For all **1996 crop** year policies, producers who insure multiple SPRING crops shall be allowed to report their spring crop acreage until the latest acreage reporting date applicable for the SPRING crops insured, as defined in the Special Provisions for the county.

BULLETIN NO.: MGR-96-035

TO: All Reinsured Companies
FSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Raisin Monitoring Program

BACKGROUND:
In recent years there has been increased inconsistency in the manner that raisin losses have been adjusted. The areas of most concern involve the handling of raisins sold off-grade as distillery material (DM) or salvage, the prices obtained for raisins sold for salvage, and the methods used for establishing tray weights and tray discard. These inconsistencies have led to allegations that some raisin insureds are receiving more liberal treatment than others when losses are adjusted. The Risk Management Agency (RMA) along with reinsured companies and the Farm Service Agency (insurance providers) must try to avoid inconsistent loss adjustment practices from occurring.

ACTION:
The Risk Management Sacramento Compliance Office (RMSCO) will initiate a raisin monitoring review. The review will determine if (i) raisins identified to be disked or sold off-grade as DM or salvage should have been reconditioned; (ii) the highest salvage price was obtained; and (iii) accurate appraisals determining tray weights and field discards were being performed. To determine if applicable approved procedures are followed, RMSCO will monitor raisin loss adjustment activities.

Effective immediately, all insurance providers will FAX a completed RAISIN MONITORING WORKSHEET (Exhibit 1) to the RMSCO when a policy contains unit(s) in which the insurance provider intends to release insured tonnage: (i) to be disked; or (ii) sold off-grade as DM or salvage; or (iii) appraised. No insured tonnage can be released until the RMSCO has given approval.

The insurance providers' field supervisor/representatives will be responsible for verification of intended disposition, valuation of off-grade raisins, and appraised tonnage. RMSCO personnel will monitor the verification process for consistency with established procedures.

Steps to follow during the Raisin Monitoring Program:

1. Insurance providers will inform loss adjusters not to finalize claims containing insured tonnage to be disked; sold off-grade as DM or salvage; or appraised. Loss adjusters should advise insureds to keep the raisin trays intact until the unit(s) is released.

2. Insurance providers will FAX the the completed RAISIN MONITORING WORKSHEET to the following:

   USDA/Risk Management Compliance Office
   1303 J Street, Suite 460
   Sacramento, California 95814
   Phone Number: (916) 498-5288
   FAX Number: (916) 498-5296

   RMSCO will review the FAX documents upon receipt and notify the insurance provider within one day which policies have been selected for review. The FAX documents received at the RMSCO after 3:00 p.m. will be reviewed the next day.

3. Insurance providers are permitted to finalize the claims for those policies not selected for verification once notified by RMSCO.

4. Within one day of policy selection, RMSCO will coordinate with insurance providers' field supervisors/representatives when the verification of the loss unit(s) will be conducted.

The tolerance policy for determining when an appraisal is unacceptable will be as follows:

(1) FCIC-approved policies and procedures were not followed, resulting in a difference of any amount between the findings made by a reappraisal and an original appraisal.

(2) FCIC-approved policies and procedures were followed, resulting in a difference of ten percent or more between the findings made by a reappraisal and an original appraisal.

RAISIN MONITORING WORKSHEET

INSTRUCTIONS: Complete and FAX this worksheet, to the Risk Management Sacramento Compliance Office (RMSCO) at FAX Number: (916) 498-5296, when a policy contains unit(s) in which the insurance provider (reinsured company or Farm Service Agency county office) intends to release insured tonnage: (i) to be disked, or (ii) sold off-grade as DM or salvage, or (iii) appraised. Incomplete worksheets will be faxed back to the sender for completion. The RMSCO will review completed worksheets upon receipt and notify the sender within one day which policies have been selected for review. Worksheets received in the RMSCO after 3:00 p.m. will be reviewed the next day.

INSURANCE PROVIDER:

COUNTY:

POLICY NO.:

CLAIM NO.:

INSURED ENTITY:

SECTION I: To be completed for all units insured.

UNIT	ACREAGE	TRAY	LOCATION	COUNT	DESCRIPTION

SECTION II: To be completed for unit(s) in which the company intends to release insured tonnage: to be disked, or sold off-grade as DM or salvage, or appraised.

UNIT NUMBER

TONNAGE TO RELEASE

SOLD

DISK

APPRAISED TRAY WEIGHT

TRAY DISCARD

REASON FOR RELEASE

INSURANCE PROVIDER REPRESENTATIVE DATE

BULLETIN NO.: MGR-96-036

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Prevented Planting Coverage for Spring Wheat

BACKGROUND:

Many wheat producers in counties with only spring final planting dates plant winter wheat with the expectation of replanting spring wheat or another spring crop if the winter wheat fails. The 1996 winter wheat crop in some of these “spring only” counties has failed and growers have subsequently been prevented from planting spring wheat or other spring crops due to excessive rainfall and poor drying conditions. The Small Grains Crop Provisions and other crop policies with prevented planting coverage indicate that prevented planting coverage will not be provided for any acreage on which “any other crop is planted and fails, or is planted and harvested, hayed or grazed on the same acreage in the same crop year ....” An exception is provided for producers with limited or additional coverage if their acreage has a history of double-cropping in each of the last four crop years. However, this exception does not apply in spring-only counties because only one crop per year is normally grown.

The provisions indicated above are intended to prevent a producer from receiving a benefit for a failed crop or income from a harvested crop, and an additional benefit for another crop that is prevented from being planted. They were not intended to exclude prevented planting benefits for a spring crop producer who is ineligible for coverage for a failed winter crop.

ACTION:

For the 1996 and succeeding crop years, a producer may be eligible for a prevented planting production guarantee for a spring-planted crop even though a fall-planted crop has been planted on the acreage. Such coverage will be provided only if: (1) The fall-planted crop fails and the producer is ineligible for crop insurance coverage or any other payment associated with the crop loss; (2) Failure of the fall crop occurs prior to the time that planting of spring crops normally begins in the county; (3) The producer does not continue to care for the failed winter crop or derive benefit from it by harvesting, haying or grazing the acreage; (4) The acreage is located in a county with spring final planting dates only; and (5) An insurance policy inclusive of prevented planting protection is in place for the spring crop that is intended to be planted.

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
P.O. Box 2415
Washington, DC 20013-2415

Notice RM-XXX

For: State and County Offices

Prevented Planting Coverage in Counties With Spring-Only Final Planting Dates When a Fall Planted Crop Has Failed

---

Approved by: Administrator, Risk Management

---

1 Overview

A Background

Many wheat producers in counties with only spring final planting dates plant winter wheat with the expectation of replanting spring wheat or another spring crop if the winter wheat fails. The 1996 winter wheat crop in some of these "spring only" counties has failed and growers have subsequently been prevented from planting spring wheat or other spring crops due to excessive rainfall and poor drying conditions. The Small Grains Crop Provisions and other crop policies with prevented planting coverage indicate that prevented planting coverage will not be provided for any acreage on which "any other crop is planted and fails, or is planted and harvested, hayed or grazed on the same acreage in the same crop year ...." An exception is provided for producers with limited or additional coverage if their acreage has a history of double-cropping in each of the last four crop years. However, this exception does not apply in spring-only counties because only one crop per year is normally grown.

The provisions indicated above are intended to prevent a producer from receiving a benefit for a failed crop or income from a harvested crop, and an additional benefit for another crop that is prevented from being planted. They were not intended to exclude prevented planting benefits for a spring crop producer who is ineligible for coverage for a failed winter crop.

B Purpose

The purpose of this notice is to clarify prevented planting coverage in counties with

Disposal Date	Distribution
January 1, 1997	All FSA Offices; State Offices relay to County Offices

spring-only final planting dates when a fall crop is planted and fails.

2 Action

Effective for the 1996 and succeeding crop years, a producer may be eligible for a prevented planting production guarantee for a spring-planted crop even though a fall-planted crop has been planted on the acreage. Such coverage will be provided only if: (1) The fall-planted crop fails and the producer is ineligible for crop insurance coverage or any other payment associated with the crop loss; (2) Failure of the fall crop occurs prior to the time that planting of spring crops normally begins in the county; (3) The producer does not continue to care for the failed winter crop or derive benefit from it by harvesting, haying or grazing the acreage; (4) The acreage is located in a county with spring final planting dates only; and (5) An insurance policy inclusive of prevented planting protection is in place for the spring crop that is intended to be planted.

United States Department of Agriculture | Risk Management Agency | Office of the Administrator | Washington, D.C. 20250

BULLETIN NO.: MGR-96-036.1

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Change to MGR-96-036 (Prevented Planting Coverage for Spring Wheat)

BACKGROUND:

Manager Bulletin MGR-96-036 was recently issued to clarify prevented planting coverage for spring crops that were prevented from being planted after a failed winter crop. The bulletin contained several conditions for eligibility. One of these conditions indicated that the failed winter crop could not be hayed or grazed. Upon further review, RMA has found this requirement to be inconsistent with prevented planting policy provisions that generally allow haying and grazing on acreage eligible for a prevented planting production guarantee.

ACTION:

The following eligibility requirements will replace those contained in MGR-96-036:

For the 1996 and succeeding crop years, a producer may be eligible for a prevented planting production guarantee for a spring-planted crop even though a fall-planted crop has been planted on the acreage. Such coverage will be provided only if:

1 The fall-planted crop fails and the producer is ineligible for crop insurance coverage or any other payment associated with the crop loss;

2 Failure of the fall crop occurs prior to the time that planting of spring crops normally begins in the county;

3 The producer does not derive a benefit from the failed winter crop by harvesting it (haying or grazing is allowed);

4 The acreage is located in a county with spring final planting dates only; and

5 An insurance policy inclusive of prevented planting protection is in place for the spring crop that is intended to be planted.

United States Department of Agriculture | Risk Management Agency | Washington, D.C. 20250

BULLETIN NO.: MGR-96-037

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Insuring Grain Sorghum on Failed Wheat Acreage in Kansas, Colorado, and Oklahoma for the 1996 Crop Year Only

BACKGROUND:

Dry conditions in much of the high plains have resulted in failed wheat acres. Conservation plans for highly erodible land in this area require producers to have plant residue on the soil surface. Producers have indicated they want to be able to leave the failed wheat standing for erosion control and, if they receive moisture, insure any crops planted on failed acreage.

Current grain sorghum special provisions in Kansas, Colorado, and Oklahoma state that grain sorghum will not be insurable on non-irrigated acreage, if it is planted following another crop which has reached the heading stage and/or that has been harvested in the same calendar year. Producers with wheat appraising “zero” may be eligible for insurance on subsequent crops, however producers with very low appraisals but greater than “zero” would have to destroy the wheat to insure grain sorghum. The grain sorghum provision addresses the usual effect of soil moisture depletion by a prior crop in low precipitation areas. However, the wheat planted for 1996 in these areas removed little moisture from the soil since it had low germination rates, failed to tiller, and achieved very little vegetative growth.

ACTION:

Effective for the 1996 crop year, the above grain sorghum special provision statement for counties in Kansas, Colorado, and Oklahoma will be changed to, “Crops will not be insurable on non-irrigated acreage, if they are planted following another crop that has been harvested in the same calender year.” In counties where both NFAC and FAC practices are provided, grain sorghum planted on failed wheat acres must be reported as FAC.

United States Department of Agriculture | Risk Management Agency | Washington, D.C. 20250

An incorrect version of BULLETIN NO.: MGR-96-037 was issued June 21, 1996.
This BULLETIN NO.: MGR-96-037.1 replaces MGR -96-037.

BULLETIN NO.: MGR-96- 037.1

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Insuring Grain Sorghum on Failed Wheat Acreage in Kansas, Colorado, and Oklahoma for the 1996 Crop Year Only

BACKGROUND:

Dry conditions in many areas of Kansas, Colorado, and Oklahoma have resulted in failed wheat acres. Conservation plans for highly erodible land in this area require producers to leave plant residue on the soil surface. Producers have left failed wheat standing for erosion control and have indicated they want to insure crops planted on failed acreage if they receive moisture.

Current grain sorghum special provisions in Kansas, Colorado, and Oklahoma state that grain sorghum will not be insurable on non-irrigated acreage, if it is planted following another crop which has reached the heading stage and/or that has been harvested in the same calendar year. The special provision creates the following inequity: 1) producers with wheat appraising “zero” will immediately be eligible for insurance on a subsequent grain sorghum crop; 2) producers who summer fallowed their acreage would be eligible for insurance on a subsequent grain sorghum crop even though the acreage may have vegetation which could have affected soil moisture reserve; however, 3) producers with wheat in the headed and/or unheaded stage appraising greater than "zero" who followed required conservation plans and left any wheat standing would be considered ineligible for insurance on a subsequent grain sorghum crop.

ACTION:

Effective for the 1996 crop year only, the above grain sorghum special provision statement for counties in Kansas, Colorado, and Oklahoma will be changed to, “Crops will not be insurable on non-irrigated acreage, if they are planted following another crop that has been harvested in the same calender year." In counties where both NFAC and FAC practices are provided, grain sorghum planted on failed wheat acres must be reported as FAC.

United States Department of Agriculture
Risk Management Agency
Office of the Administrator
Washington, D.C. 20250

BULLETIN NO.: MGR-96-038

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Acceptable Cover Crops for Prevented Planting Acreage

BACKGROUND:

Questions have been raised regarding the Federal Crop Insurance Corporation's (FCIC) position on acceptable cover crops on eligible prevented planting acreage. A cover crop is a crop grown on fields between cropping seasons to protect the land from leaching and erosion.

ACTION:

Acceptable cover crops which qualify for a full prevented planting guarantee are the following: annual, biennial, or perennial grasses and legumes, including sweet sorghum, sorghum grass crosses, sudans, volunteer stands other than weeds, and crop residue from using no till or minimum till practices. Barley, oats, rice, wheat, or any other small grains qualify if the seeds are planted or volunteered too late to reach the hard dough stage prior to the normal end of the growing season. Such cover crops may be hayed or grazed only if allowed by policy provisions, but may not be harvested for grain or seed. These cover crops are commonly recognized in the farming community and are consistent with those previously approved by the Department of Agriculture for ACR and CU acres.

Any insurable substitute crop for which the producer had elected insurance coverage, that is planted on acreage to be reported as prevented planting, must be reported and a premium will be earned and payable.

BULLETIN NO.: MGR-96-040

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Transmittal of the Agent Locator Directory

BACKGROUND:

The Agent Locator Directory is prepared and distributed semi-annually for use by Farm Service Agency (FSA) County offices for the purpose of informing the public of the availability of private insurance agents who sell and service multiple peril crop insurance (MPCI). Each County office will keep the Directory readily available for producers to use in locating Agent(s) selling and servicing catastrophic and buy-up MPCI coverage. Upon request, the County offices will provide the producer with a copy of the page(s) containing the Agent(s) he/she wishes to contact.

ACTION:

The purpose of this Bulletin is to notify reinsured companies that County offices are being provided with an updated Directory. Any revisions to the Directory must be in accordance with MGR Bulletin: MGR-96-007. If you should have any questions, please contact your Reinsurance Services Liaison Branch Account Executive.

United States Department of Agriculture
Risk Management Agency
Office of the Administrator
Washington, D.C. 20250

BULLETIN NO.: MGR-96-041

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Procedure for Transferring Policies from Farm Service Agency Local Offices to FCIC Approved Reinsured Companies

BACKGROUND:

The Federal Agriculture Improvement and Reform Act of 1996, (1996 Farm Bill) authorizes the Secretary of Agriculture to continue to offer Catastrophic Risk Protection (CAT) crop insurance coverage directly through Farm Service Agency (FSA) local offices to the extent that there is an insufficient number of approved insurance providers in a State or a portion of a State. The 1996 Farm Bill provides that CAT policies sold by FSA local offices in a State determined to have sufficient numbers of insurance providers available shall be transferred to private insurance companies reinsured by the Federal Crop Insurance Corporation. In accordance with the standards of the 1996 Farm Bill, the Secretary in consultation with approved insurance providers, has determined the States in which local FSA offices will no longer service CAT policies effective for the 1997 crop year.

ACTION:

For the 1997 crop year, the following States have been approved by the Secretary to begin the transfer of all CAT crop policies from FSA local offices to reinsured companies. The selected States are: Arizona, Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, Montana, Nebraska, North Carolina, North Dakota, South Dakota, Washington and Wyoming.

Exhibit 1 describes the approved process to be followed by all insurance providers to assure the timely and efficient transfer of CAT policies from FSA local offices to reinsured companies.

Attachment

Procedure For Transferring CAT Policies From FSA to Reinsured Companies

A. FSA Local Offices (LO) will send letters notifying each producer that the local office must withdraw from the delivery of CAT, under the terms of FAIR Act.

B. The letter will urge producers to transfer their policies to a local insurance agent. It will also instruct them to do one of the following: (1) visit a local agent; (2) visit the LO for a list of local agents; or (3) call a 1-800-number provided by participating reinsured companies. The notice will explain that if producers have not chosen an agent by August 16, 1996, that their policy will be assigned to a private reinsured company, which will arrange for the servicing of that policy.

C. When the producer transfers voluntarily, the agent will send a copy of the Cancellation-and-Transfer Form to the LO in accordance with existing FCIC procedure specified in FCIC's Crop Insurance Handbook as well as in the CAT Handbook (18010 and 18100).

D. Upon receipt of the Cancellation-and-Transfer form, the LO must copy and provide the policyholder's history including but not limited to the Application, Actual Production History, Acreage Report, any production records on file, Indemnity Summaries and other information readily available that may assist the assuming agent or reinsured company to establish the insured’s coverage.

E. The assuming reinsured company must secure a new application for each transferred policy.

F. The LO will enter all cancel-and-transfers (voluntary or assigned) as well as all regular cancellations into their automated system daily for transmission to FCIC through the FSA data processing system.

G. Local agents must submit applications to their companies daily, and the reinsured companies must submit Record Types 10 and 14 to FCIC through the Data Acceptance System on a daily basis.

H. Producers who do not voluntarily transfer their policies by August 16, 1996, will be assigned by FCIC--on a random basis--to a reinsured company writing in the State. FCIC will notify the producer via data mailer, the reinsured company via electronic listings, and the LO through FSA's Kansas City Management Office of the transfer.

I. CAT policies that have not been voluntarily transferred on crops with sales closing dates of December 31, 1996, or earlier will be assigned during the week of August 19, 1996. All other un-transferred policies will be assigned during the week of November 18, 1996.

J. Once notified of policies assigned by FCIC, it will be the responsibility of the reinsured company to contact the insured within 10 business days.

K. Producers will have until the sales closing date to choose another reinsured company if they are not satisfied with the one assigned. Producers may also request the reinsured company to assign a different agent to service their policy.

L. FCIC will not cancel policies during this process except where the producer signs a Cancellation Form or a Cancel-and-Transfer Form. Any policy missed in this process will be assigned when identified even if the assignment is after the sales closing date.

M. If a producer voluntarily transfers a policy before the sales closing date and in the interim the policy is assigned to another reinsured company, the voluntary transfer will be binding.

N. If a producer accidentally transfers a policy twice, the first transfer will be binding unless the two reinsured companies mutually agree otherwise.

O. LO's in States designated by the Secretary under this process may not issue new 1997 policies.

P. In the case of Arizona citrus fruit insurance, the LO must continue to service the 1997 policy, but may not issue any new 1998 policies.

Q. The transfer process begins with crops with sales closing dates of September 30, 1996, or later.

R. When a policy is transferred, all crops on the same policy, including those with later sales closing dates (e.g. spring crop policies) will be transferred, unless the insured has made other arrangements.

S. CAT policies belonging to producers who already have buy-up coverage on other crops or non-high risk land with private insurers will be identified by FCIC and each reinsured company will be provided a list of those policyholders that are also insured by the company, who will be responsible to immediately contact these producers to arrange for the policy to be transferred.

T. The LO's will continue to be responsible for servicing transferred policies with respect to 1996 and prior year transactions (e.g., claims settlements, disputes, etc.) and the assuming reinsured company will be responsible for all subsequent year transactions.

U. Reinsured companies and agents will be required to service all eligible producers. Reinsured companies must accept and service all CAT policies transferred or assigned to them, as well as crop insurance applicants at all levels and for all crops in accordance with the Standard Reinsurance Agreement, as amended.

BULLETIN NO.: MGR-96-042

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Offices

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Crop Revenue Coverage - Wheat Crop Insurance Program

<u>ISSUE</u>:

The Federal Crop Insurance Corporation's (FCIC) Board of Directors (Board) recently approved a pilot program known as the Wheat Crop Revenue Coverage (CRC Wheat) Insurance Program for reinsurance, administrative expense and premium subsidy. CRC Wheat is now available to all reinsured companies who choose to market this product beginning with 1997 fall planted wheat.

<u>DISCUSSION</u>:

Section 508 (h) of the Federal Crop Insurance Reform Act (Act) established authority for the Board to approve reinsurance, administrative expense and premium subsidy for crop insurance policies submitted to the Board. CRC Wheat protects a grower's loss of revenue resulting from fluctuating wheat prices and/or low yields. The CRC Wheat policy provides coverage on a basic/optional unit basis.

The pilot program for CRC Wheat coverage is available in ALL counties in the following states:

Kansas, Michigan, Nebraska, South Dakota, Texas and Washington

and in the following counties in Montana:

Blaine, Broadwater, Cascade, Chouteau, Fergus, Glacier, Golden Valley, Hill, Judith Basin, Lewis and Clark, Liberty, Meagher, Musselshell, Petroleum, Phillips, Pondera, Teton, Toole, and Wheatland.

The approved CRC wheat policies, endorsements, CRC revenue rates, low and high price factors for winter wheat, premium calculation worksheet, underwriting rules, and questions and answers will be available through the Reporting Organization Server. Low and high price factors for wheat under the Chicago and Kansas City Boards of Trade are available. All other price factors will be released as an actuarial addendum as soon as they are available (most likely within the first week of September). CRC Wheat base and harvest prices will be released by FCIC in accordance with the CRC Commodity Exchange Endorsement - Wheat. Companies must use FCIC approved CRC Wheat documents to market 1997 CRC Wheat.

CRC Wheat will be reinsured under the Standard Reinsurance Agreement (SRA). Policies written under this pilot program will be subject to the SRA's state maximum cessions to the Assigned Risk Fund as well as fund designations per Exhibit 14 of the Plan of Operations.

BULLETIN NO.: MGR-96-043

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Offices

FROM: Kenneth D. Ackerman /s/
Acting Administrator

SUBJECT: Named Peril Policies

ISSUE:

The Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) recently approved four named peril policies known as - Citrus Freeze Weather Insurance Policy, Raisin Reconditioning and Excess Expense Policy, Pima Cotton Rainfall Weather Insurance Policy, and Contracted Processing & Cannery Tomato Policy, for reinsurance. These policies are now available to all reinsured companies who choose to market these products beginning with the 1996 crop year, except for the Contracted Processing & Cannery Tomato Policy, which will be available beginning with the 1997 crop year. These policies may be sold with or without an accompanying Multiple Peril Crop Insurance Policy.

DISCUSSION:

Section 508 (h) of the Federal Crop Insurance Reform Act (Act) established the authority of the Board to approve reinsurance for policies submitted to the Board. These policies provide additional insurance coverage to producers. These named peril policies are available in California only, except for the Citrus Freeze Weather Insurance Policy which is also available in Arizona.

The approved policies, premium rates (except Contracted Processing & Cannery Tomato Policy), and underwriting rules will be available through the Reporting Organization server.
The premium rate for the tomato policy will be placed on the server when it becomes available. Companies must use FCIC approved named peril documents and rates to market these products.

FCIC will make available a single stop-loss reinsurance agreement covering these named peril policies to all reinsured companies who choose to market these products. FCIC will be considered as a reinsurer of last resort; therefore, any reinsured company seeking reinsurance on these products will be required to negotiate reinsurance in the private market (domestic, foreign, or both) up to the limits established by such market. Upon receipt of evidence from the reinsured company that capacity for such products has been exhausted, FCIC will negotiate terms of reinsurance for certain limits above those secured in the private market. Please contact Dave Miller of the Reinsurance Services Liaison Branch at (202) 720-9830 for more information.

ACTION:

FCIC intends:

A. To negotiate a separate reinsurance agreement with each company that wishes to reinsure any of these policies. Ideally, all four products would be reinsured under one agreement.

B. That the company obtain a significant amount of reinsurance from the commercial market (i.e. - a "fill" on the offering slip of at least ______%) and that FCIC's reinsurance will be the same as the terms obtained from the commercial market.

C. To independently evaluate the market to determine if better conditions or a greater "fill" are possible.

D. To evaluate the terms to determine if they are actuarially sound.

BULLETIN NO.: MGR-96-044

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Change of Sales Closing Date for Grapes in Specific Counties in the Pacific Northwest Region

BACKGROUND:

Late winter and early spring weather conditions severely damaged grape vines in northern Oregon and central Washington. Agricultural specialists expect some vineyards injured during the winter of 1995-1996 will show reduced yield potentials of between fifty and sixty five percent of a normal crop in 1997.

The Grape Endorsement (90-20) states grapes will not be insured if they are "produced by vines where there is less than a ninety percent (90%) stand of bearing vines based on the current planting pattern." With damage being widespread, mandatory pre-acceptance field inspections will be required to protect against adverse selection and assure the 90% requirement is met. However, the current sales closing date of November 20 results in inspections being performed during the winter, when the difference between dead and merely dormant vines cannot be quickly determined.

ACTION:

To provide sufficient opportunity to inspect vineyards to confirm the presence of bearing vines before insurance attaches, the 1997 crop year sales closing date for grapes will be September 30, 1996 in the following counties:

State	Counties	
Oregon	Morrow	(049)
Washington	Benton	(005)
	Franklin	(021)
	Grant	(025)
	Klickitat	(039)
	Walla Walla	(071)
	Yakima	(077)

This change is effective for the 1997 crop year only. No other program dates are affected.

United States Department of Agriculture
Risk Management Agency
Office of the Administrator
Washington, D.C. 20250

BULLETIN NO.: MGR-96-045

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Determining Maximum Eligible Prevented Planting Acreage

BACKGROUND:

Questions have been raised regarding how the maximum eligible prevented planting acreage is to be determined for the 1996 crop year in accordance with policy provisions.

Late and prevented planting policy language was revised for the 1996 crop year. The Federal Crop Insurance Corporation (FCIC) has been advised that the revised policy language is not being uniformly implemented. The revised policy language in question specifies that,

> "The acreage to which prevented planting coverage applies will not exceed the **total** eligible acreage on **all** Farm Service Agency (FSA) Farm Serial Numbers in which you have a share....."

ACTION:

The following guidelines apply when determining prevented planting acres on a policy (contract) basis:

1) If the insured reported prevented planting acres for the insured crop by totaling all of the eligible acres from each FSN in which he/she had an insurable share in the county and did not report more than the total eligible prevented planting acreage on any one or a combination of those FSNs in accordance with policy provisions, the insurance provider may accept the acreage report and process accordingly. The total eligible prevented planting acreage may not exceed the number of cropland acres available for planting.

Example:

FSN 100, Smith owns and operates (100 percent share). 100 corn base acres, 300 cropland acres.

FSN 200, Smith (tenant with 50 percent share) and Jones (landlord with 50 percent share). 100 corn base acres, 100 cropland acres.

FSN 300, Smith (tenant with 50 percent share) and Brown (landlord with 50 percent share). 100 corn base acres, 100 cropland acres.

Smith's maximum eligible corn prevented planting acreage would be limited to 300 base acres. Smith could claim all 300 corn acres as prevented planting on FSN 100 and by doing so would not be entitled to any prevented planting corn acres on either FSN 200 or 300.

Landlord Jones could claim 100 corn acres prevented planting on FSN 200 at 50 percent share.

Landlord Brown could claim 100 corn acres prevented planting on FSN 300 at 50 percent share.

Note: Although individual acreage report line entries will not match for the tenant and landlords in the above example, the intended acreage information for FSN 200 and 300 should be listed on Smith's acreage report in the remarks section.

2) If the insured reported prevented planting acres for the insured crop based on individual FSN acreage determinations, the insurance provider may accept the acreage report and process accordingly, provided the total eligible prevented planting acreage does not exceed the cropland acres for each FSN. (For example, Smith would be eligible for 100 corn acres at 100 percent share on FSN 100, 100 corn acres at 50 percent share on FSN 200, and 100 corn acres at 50 percent share on FSN 300).

3) Insureds and/or companies do not have a choice nor the authority to revise an acreage report to reflect the option which provides the greatest indemnity. The options above are to be implemented based upon the insured's intent as reported by the acreage reporting date.

BULLETIN NO.: MGR-96-046

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarter, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Change in Spring Wheat County Designation in Eight South Dakota Counties

BACKGROUND

Counties in South Dakota are presently designated as winter wheat (June 30 filing) or spring wheat (December 31 filing) counties. A review of the spring only counties was completed and it was determined Aurora, Bon Homme, Davison, Douglas, Hanson, Hutchinson, Jerauld, and Sanborn Counties, South Dakota had a significant increase in the number of acres of winter wheat grown in the last ten years.

ACTION:

For the 1997 and continuing crop years, Aurora, Bon Homme, Davison, Douglas, Hanson Hutchinson, Jerauld, and Sanborn Counties will be considered winter/spring wheat counties. Actuarial documents for these counties will be refiled to provide information necessary for winter wheat. Dates effected by this change include the cancellation date, sales closing date, final planting date, acreage reporting date, termination date and the production reporting date. Refer to the refiled Special Provisions for dates applicable to winter wheat and to the Basic Provisions of the Common Crop Insurance Policy for the production reporting date. Insurance providers must notify all insureds in these counties of these date changes and that insurance will now automatically attach to fall planted wheat. Producers who do not want this coverage must cancel their wheat policy on or before the fall cancellation date.

The Winter Wheat Coverage Endorsement will now be available (except for CAT policies) in these counties for fall seeded acreage. This endorsement will be applicable only if the insured elects coverage on or before the fall sales closing date.

BULLETIN NO.: MGR-96-048

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Announcement of Director for Insurance Services

I am pleased to announce the selection of Robert Prchal as the new Director of Insurance Services.

Mr. Prchal brings to the position a wealth of experience, knowledge, and perspective. Mr. Prchal joined the Federal Crop Insurance Corporation in the fall of 1976 as a crop insurance underwriter in Montana. In 1989, Mr. Prchal was promoted to Director of the Billings Field Underwriting Office. He held that post until his appointment to Director of the Billings Regional Service Office in 1992 and has served in that capacity since then.

Most recently, Mr Prchal was detailed to Insurance Services and served as the Director, Insurance Services Division. He was responsible for administering and implementing program policies, procedures, and standards by which the Risk Management Agency delivers crop insurance through public and private sector partners. In this capacity, he was responsible for managing a changing and expanding crop insurance program, and developing policy making recommendations to resolve the often conflicting needs of the farm sector, insurance industry, FSA, Congress, and the Administration.

Mr. Prchal is a 1974 graduate of Montana State University, Bozeman, MT with a bachelor's degree in agricultural sciences. He continued his education at Washington State University, Pullman, WA and graduated in 1976 with a master's degree in agronomy. Mr. Prchal also served in the armed forces from 1966 to 1970 and is a U.S. Navy veteran.

The effective date of his appointment will be established shortly.

United States Department of Agriculture
Risk Management Agency
1400 Independence Avenue, S.W.
Washington, D.C. 20250-0800

BULLETIN NO.: MGR-96-049

TO: All Reinsured Companies
FSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Acreage Determination and Other Loss Adjustment Verifications for Multiple Peril Crop Insurance for the 1996 Crop Year ONLY

BACKGROUND:

Current loss adjustment procedures allow "certified acres" at local Farm Service Agency (FSA) offices to be considered as "determined acres" to pay claims if certain criteria in the Loss Adjustment Manual (LAM) are met. The procedures also require verification of shares and entities at the local FSA office for insureds participating in programs administered by FSA. FSA acreage certification information also includes crop share. The Federal Agriculture Improvement and Reform Act of 1996 requires far less acreage certification at local FSA offices than in the past.

Due to reduced producer acreage certification requirements at local FSA offices, there have been inquiries about whether the Risk Management Agency (RMA) will authorize alternatives for establishing determined acres. There are also concerns about verification of shares, entities, other verifications that normally have been done at local FSA offices, and what information can still be obtained from local FSA offices. Because of the decreased availability of certified acreage information and questions involving the validity of voluntary certified acreage information at local FSA offices, Risk Management is authorizing an alternative to using acreage information from local FSA offices for claim purposes.

ACTION:

The following modifications of procedures contained in the FCIC-30010 LAM are effective for the 1996 crop year ONLY, upon issuance of this bulletin.

1 Items, forms, and services available from local FSA offices for the 1996 crop year are:

(1) Aerial photos, (2) official field measurement; i.e., boundaries of field have not changed, (3) fly overs of growing crops (may not be as comprehensive as in the past), and (4) measurement service. Farm Serial Numbers will continue to be maintained showing the owner/operator and crop land acres. The FSA-423, -424, and -425 will continue to be provided to insurance providers free of charge along with aerial photos, and other forms needed to perform loss adjustment duties. Acreage determinations that can be made by local FSA county offices (e.g., planimeter measurement of a partial field) may be requested by reinsured companies.

2 Determined acres.

Determined acres are required on some preliminary claims and all final claims as specified in the crop handbooks. Insurance providers are to either follow the current procedures in the "Acreage Determination" section of the LAM or substitute the following procedures in this paragraph for subparagraphs A, B, C, and D in the "Acreage Determination" section of the LAM. **If the following procedures in this paragraph are used, all other subparagraphs in the "Acreage Determination" section of the LAM apply**.

A Measured acres.

Measured acres will be used if "reasonably accurate" (within 5 percent of what the acreage would measure).

Measured acres are considered to be the following:

(1) crop acres measured by the FSA, a reinsured company, or other firm engaged in the business of land measurements, and these measurements have been made by using measurement methods described in the "Acreage Determination" section of the LAM. In addition to acceptable measurement methods described in the LAM, surveying devices, global positioning systems (GPS), remote sensing devices used in conjunction with aerial photos or satellite imagery, etc., may be used if accuracy is comparable to the measurement methods listed in the LAM.

(2) prior year(s) measurements of a field by an insurance provider, local FSA office, or firm engaged in land measurement services, provided:

(a) the entire field is planted to a single crop (same practices or types if there are separate guarantees), and

(b) the field boundaries have not changed.

B Acres not measured.

If measured acres as described in 2A above are not available:

(1) If the insured is **required to certify** acreage to the FSA for other USDA programs, the acreage certified to the FSA will be considered "determined acres" for claims purposes.

(2) If the insured has **voluntarily certified acreage** to the FSA (i.e., the insured is not required to certify acreage for other USDA programs) OR the insured **has not certified acreage** to the FSA, the insured's acreage reported on the crop insurance acreage report may be considered "determined acres" for claim purposes **IF**:

(a) the insured has signed the acreage report indicating certification of the reported information; and

(b) the loss adjuster can determine through visual inspection of the acreage **and** the use of aerial photos (obtained from the local FSA office or other acceptable sources), landmarks, etc., that the acreage would measure within 5 percent of the acreage reported on the acreage report.

(3) When a determination is made that differs from the reported (certified) acreage, even within the 5 percent tolerance, the determined acreage must be used on the claim.

Note: The following is an example of a situation where the reported acreage is within the 5 percent tolerance, but cannot be used as the determined acreage:

- Previous measurement = 80 acres (field boundaries have not changed).
- Crop insurance acreage report = 80 acres of corn
- Entire field planted to boundaries, but about 2 acres are oats.

In this instance, the reported acres cannot be used as the determined acres. Either an actual measurement must be made (e.g., wheeled) OR because the reported acreage is within the 5 percent tolerance, the acreage can be determined as follows: estimate the oat acreage and deduct from the reported corn acreage. Determined corn acres = 78 acres (80 – 2 = 78).

(4) Acreage must be measured (or re-measured, as applicable) IF it fails to meet the criteria described in 2A or 2B (1) and (2) above OR:

(a) part of a unit is released and that part released will lose its field identity (i.e., there will be no way to establish the amount of acres at the time of a final loss inspection because of the loss of field identity),

(b) the insurance provider or the insured has reason to question the accuracy of the measurement or does not agree with the previously measured acres, or

(c) acres of varying practices, types, appraisals, etc. (as appropriate to separate on the claim) are not separated.

C Insurance providers must select “2 percent” of claims assigned for loss adjustment inspections.

(1) The selection may be made based upon either:

(a) a random 2 percent selection of claim units, or

(b) random selection of a sufficient number of policies with claims to result in 2 percent of the claim units.

(2) During the loss adjustment inspection process of these selected units, the acreage must be measured if:

(a) part of a unit is released and that part released will lose its field identity,

(b) acreage has not been previously measured for the crop year or DOES NOT fit the criteria for measured fields as described in 2A,

(c) measured acreage is not acceptable or there is reason to question the accuracy of the measurement,

(d) the insured does not agree with the measured acreage, or

(e) acres of varying practices, types, appraisals, etc. (as appropriate to separate on the claim), are not separated,

(3) The loss units selected will be identified in a way that the units selected can be identified for compliance/audit review.

NOTE: In addition to the 2 percent selection of policies/units outlined in 2C above, acreage in loss units that do not meet the criteria set forth in 2 A and B must also be measured during loss inspections.

D For ALL claim inspections requiring determined acres, the method of acreage determination and any calculations used to arrive at the determined acres must be documented in the narrative of the claim or on a special report attached to the claim; e.g., determined acres using crop insurance acreage report - would measure within 5 percent.

E Whenever acreage measurements are required, measurements must be made by the FSA, a reinsured company, or other firm engaged in the business of land measurements, and these measurements must be made by using any of the measurement methods described in the "Acreage Determination" section of the LAM or additional methods described in paragraph 2 A (1) above.

3 Shares/Entities/Owner/Operator and Crop Acreage Verifications.

A Insurance providers are responsible for verifying crop share, entity, and crop acreage. These verifications may be done, but are not required to be done, through information obtained from local FSA offices, if such information is available. Insurance providers can choose sources other than local FSA offices to make these verifications.

(1) Insurance providers are cautioned that **share** arrangements recorded on documents other than the FSA-424 (FSA-578) **may be on a contract-payment basis** rather than on a crop-share basis. The share arrangements recorded on the FSA-424 (FSA-578) will be on a crop-share basis.

(2) If the crop share or entity is not verifiable through the local FSA office or the insurance provider chooses not to verify this information at the local FSA

office, loss adjusters must follow the share and entity verification procedures in the LAM for insureds who are not participating in programs administered by the FSA.

(3) Although not required, insurance providers are encouraged to obtain the FSA-424 (if available) as a source for determining total crop land acres for the Farm Serial Number.

(4) Insurance providers are also encouraged to use aerial photos (obtained from the local FSA office or other acceptable source) to verify with the insured acreage planted, insured as well as uninsured acreage. The following notations on aerial maps are also suggested to determine, if applicable, whether policy requirements for crop rotation have been met from crop year to crop year: The insured's name, policy number, and crop year should be notated on the map and the crop, practice/type, etc., should be notated on each field planted.

United States Department of Agriculture
Risk Management Agency
Office of the Administrator
Washington, D.C. 20250

BULLETIN NO.: MGR-96-050

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: 1997 Crop Year Prevented Planting Issues

BACKGROUND:

For the 1997 crop year, issues have been raised regarding: 1) how the maximum eligible prevented planting acreage is to be determined; and 2) the need to proactively advise policyholders of the policy requirement to request an increase in maximum eligible prevented planting acres by the sales closing date, if they intend to plant more than the maximum eligible prevented planting acreage allowed under current policy.

The Federal Crop Insurance Corporation (FCIC) was advised that revised 1996 crop year prevented planting policy language was not being uniformly implemented. Therefore, FCIC issued Manager's Bulletin MGR-96-045 to provide guidelines to follow when determining prevented planting acreage.

The current policy language specifies that,

> "The acreage to which prevented planting coverage applies will not exceed the **total** eligible acreage on **all** Farm Service Agency (FSA) Farm Serial Numbers in which you have a share....."

The passage of the 1996 Farm Bill provided producers with greater flexibility in planting in that they are no longer required to plant within certain crop acreage bases. The increased flexibility has caused concern since FCIC policy language contains provisions which generally limit maximum eligible prevented planting acreage to prior year bases or planting history, unless the policyholder requests an increase in eligible prevented planting acreage by the sales closing date.

ACTION:

Until the prevented planting policy provisions regarding maximum eligible acreage are revised, the maximum eligible prevented planting acres will be determined on a policy (contract) basis (that is reflecting all acreage on all FSN's carried under the policy rather than reflecting individual FSN's), subject to the acreage limitations contained in the policy provisions. While the determination will be based upon the insured's intent as reported by the acreage reporting date, that reported acreage cannot exceed the maximum acreage eligible under the policy.

Additionally, insurance providers and agents should advise each policyholder that if they wish to increase the maximum acreage eligible for prevented planting coverage above the limitations contained within the policy, such request must be made by the sales closing date for the applicable crop.

United States Department of Agriculture
Risk Management Agency
Office of the Administrator
Washington, D. C. 20250

BULLETIN NO.: MGR-96-051

To: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Offices

From: Kenneth D. Ackerman
Acting Administrator

Subject: 1996 Appraisal Deviation for Smut Infected Sugarcane in Texas

BACKGROUND:

Recent outbreaks of stem or culmicolous smut (Ustilago Scitaminea Syd.) have been reported in many sugarcane fields in the Texas Lower Rio Grande Valley. Hot dry conditions promote spore survival/dispersion and mild overwintering conditions for the past four winters have contributed to the smut buildup in the area. This, coupled with persistent drought conditions, has triggered a severe outbreak of the disease in many fields.

The disease is spread by smut spores entering the basal buds of the canes, germinating, and penetrating the stalk. The disease progresses upward inside the cane and eventually reaches the growing point where it is transformed into a buggy whip type growth. Easily recognizable at this point, the whip is a thinly cased body containing millions of dark brown to black spores easily dispersed and spread throughout the field by wind and through irrigation water. Affected plants are stunted, stalks are abnormally thin and lateral buds or eyes often germinate and grow giving the whole plant a grassy appearance.

The ultimate affect of the fungus is a reduction in the amount of processable sugar from infected canes. The disease is progressive once it becomes established in a field as there is no known chemical control for the fungus. The most effective control has been the use of resistant varieties. Although the disease has been present in many of the fields since about 1981, the disease has had no noticeable effect on yields until this year. Yield reductions become noticeable when plant/stool infestation levels throughout the field exceed the 10-15 percent range.

Current appraisal methods in the Sugarcane Handbook provide for appraisals based on the Primary Shoot and Mature Weight methods but neither method makes any allowance for the affect of this disease on potential yields for processed sugar.

Based on processing information obtained from the sugar mill and in collaboration with Texas Agricultural Extension Service at Texas A&M University, sugarcane appraisals need to be adjusted to reflect the reduction in sugarcane tonnage from smut infected acreage. The reduced tonnage will ultimately result in a reduced amount of processable sugar.

ACTION:

For smut infected sugarcane, to be used ONLY in conjunction with the Primary Shoot appraisal method, use the following table to adjust the per acre appraisal (tons) for the field based on the simple average of the percent smut infected canes:

Field Average Percent Smut Infected Canes	**Tonnage Remaining Factor**	**Field Average Percent Smut Infected Canes**	**Tonnage Remaining Factor**
Less than 20%	Use full appraisal	50%	.30 factor
20%	.80 factor	55%	.25 factor
25%	.70 factor	60%	.20 factor
30%	.60 factor	65%	.15 factor
35%	.50 factor	70%	.10 factor
40%	.40 factor	75%	.05 factor
45%	.35 factor	80% or Greater	Total Loss

APPLICATION:

1 Use the Primary Shoot appraisal method from the loss adjustment procedure. **Note:** Primary Shoots are identified as the first shoot from the plant (cluster, stool, or ratoon).

2 Document, on the appraisal worksheet, the following:

(a) From each sample (used for the Primary Shoot appraisal method):

Select 5 consecutive plants/stools from the same sample. Count the total number of stalks from the 5 consecutive plants/stools. Count the number of smut infected stalks from the same plants/stools. Divide the number of smut infected stalks by the total number of stalks, rounding to the nearest whole percent. The result is the percent of smut infected canes in the sample.

(b) Calculate a simple average of all samples to determine the **Field Average Percent Smut Infected Canes**, rounding to the nearest 5 percent.

(c) Select the **Tonnage Remaining Factor** from the table above, using the **Field Average Percent Smut Infected Canes** from item 2(b).

(d) Multiply the tons per acre appraisal determined from the Primary Shoot Method by the **Tonnage Remaining Factor**.

(e) Convert the reduced tons per acre appraisal (item 2(d)) to whole pounds of sugar using the following formula:

Adjusted Tons Per Acre Appraisal X Percent-of-Sugar Factor (percent of sugar from the County Actuarial Table converted to a 3-place decimal) X 2000 = Potential in pounds of Raw Sugar

(f) Document date of this bulletin authorizing the deviation.

3 Insurance providers are reminded that damage caused by smut invokes the plant disease claims procedures outlined in "Other Special Claims Procedure" of the Loss Adjustment Manual.

4 If insurance providers appraise smut-infected acreage and the insured elects to continue to care for the crop, the amount of production to count for such acreage will be the harvested production. If a reappraisal is required due to additional damage and the crop is mature, use the Weight Method appraisal. The tonnage remaining factor would **not** apply.

EXAMPLE:

1 Per Acre Appraisal for the field determined using the Primary Shoot Method = 14 tons

2 (a) Percent of smut infected canes in each sample.

Sample No. 1 = 10 smut infected stalks ÷ 25 total stalks = 40%
Sample No. 2 = 29 smut infected stalks ÷ 45 total stalks = 64%
Sample No. 3 = 39 smut infected stalks ÷ 65 total stalks = 60%
Sample No. 4 = 24 smut infected stalks ÷ 80 total stalks = 30%

(b) Simple average determined from all samples:

	Sample #1	Sample #2	Sample #3	Sample #4	Simple Average
% Smut Infected Canes Per Sample	40%	64%	60%	30%	= 194 ÷ 4 = 48.5 = 49%

(c) Simple average of 49%, rounded to nearest 5% = 50% **Field Average Percent Smut Infected Canes**. **Tonnage Remaining Factor** from the table = .30 factor

(d) Reduced appraisal after applying the **Tonnage Remaining Factor**:
14 tons per acre appraisal X .30 = 4.2 tons per acre

(e) Converted reduced tons per acre appraisal to whole pounds of sugar equals:
4.2 reduced tons per acre X .090 percent-of-sugar factor X 2000 = 756 lbs.

Note: Throughout this notice the terms cane, stalk, and shoot are used synonymously and the terms plant, cluster, stool, and ratoon are used synonymously.

United States Department of Agriculture
Risk Management Agency
Office of the Administrator
Washington, D.C. 20250

BULLETIN NO.: MGR-96-052

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Technical Correction of 1996 Blueberry Pilot Insurance Program

BACKGROUND:

Due to severe spring frost in Mississippi, concerns have been raised regarding the current blueberry price and policy language requiring producers to harvest at least 25 percent of the unit's production guarantee or be subjected to a minimum appraisal of 45 percent of the unit guarantee. The 45 percent figure was based on estimated harvesting and crop maintenance costs that would not be borne by producers who did not harvest a crop. This provision was meant to be an incentive to harvest all marketable berries. However, development of the approved price involved deducting all harvesting, sorting, packing, and related costs from the average prices received by farmers. Thus, pricing methodology and the policy provisions are in conflict.

ACTION:

A technical correction to eliminate the requirement to harvest at least 25 percent of the unit's production guarantee or be subject to a minimum appraisal of 45 percent unit production guarantee has been made to the blueberry pilot crop provisions for the 1996 crop year. Specifically, the definition of harvest has been modified in Section 1, "Definitions," of the Blueberry Crop Provisions and references to the 45 percent unharvested guarantee have been removed from Section 11, "Settlement of Claim." Also, the Blueberry Loss Adjustment Standards Handbook (FCIC-25550) has been revised to reflect the changes to the policy. A copy of the 1996 Blueberry Crop Provisions and a summary of changes to the Blueberry Loss Adjustment Standards Handbook are attached. Current policyholders should be notified of the above change.

This change is effective for the 1996 crop year.

Attachments

BULLETIN NO.: MGR-96-053

TO:	All Reinsured Companies All Risk Management Field Offices FSA Headquarters, Program Delivery and Field Offices
FROM:	Kenneth D. Ackerman Acting Administrator
SUBJECT:	Flue-Cured Tobacco For Automatic Harvesting By Machine Agreement

Issue:

We have received questions whether the additional premium charged for Flue-Cured Tobacco for Automatic Harvesting by Machine Agreements (Tobacco Agreement) is valid for the 1996 crop year.

Discussion:

The Risk Management Agency (RMA) provided no provisions for rating premium for 1996 Tobacco Agreements by removing the practice from County Actuarial Documents. Therefore, Tobacco Agreements were not valid for the 1996 crop year. It has been brought to our attention that in some cases Tobacco Agreements were carried over with crop insurance policies from 1995 by reinsured companies. Also, several Tobacco Agreements were issued by means of written agreements through an RMA Regional Service Office.

Action:

No additional premium will be charged for acreage erroneously covered by a 1996 Tobacco Agreement. Reinsured companies are authorized to revise 1996 acreage reports to delete additional premium charged for Tobacco Agreements. If necessary, companies should correct premium billings to reflect the changes and refund all additional charges for 1996 Tobacco Agreements, which have been paid. Furthermore, Tobacco Agreements should not be issued for 1997 and subsequent crop years.

For the purpose of loss claim form completion (appraisal worksheets, claim forms, etc.), crop insurance providers are to make pen and ink changes in the appropriate handbooks to substitute “machine harvest” for references to “tobacco agreement” and “hand harvest” for references to “no agreement”. The tobacco handbook will be updated to reflect these changes when reissued or slipsheeted.

BULLETIN NO.: MGR-96-054

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: 1997 Projected Market Prices for Wheat and Rye

The Risk Management Agency (RMA) today announced the 1997 projected market prices, which are the multiple peril crop insurance (MPCI) price elections for the following crops (all prices are per bushel): wheat - $3.85, durum wheat - $3.85, and rye - $3.05. These price elections are available to producers who elect additional coverage for their 1997 crop(s). Producers who choose the catastrophic (CAT) level will be insured at 60 percent of these values. Price election choices must be made on or before the sales closing date for the crop in a county.

The established price elections previously announced were $3.85 for wheat and $3.05 for rye. Projected market prices that are higher than the established price elections may impact producers originally electing the established price. Eligibility for level of subsidy is based on the projected market price, so anyone using the established price election may receive a lower level of subsidy unless changed prior to the contract change date.

The price elections for CAT coverage are as follows: wheat - $2.31, durum wheat - $2.31, and rye - $1.83.

United States Department of Agriculture
Risk Management Agency
Office of the Administrator
Washington, D.C. 20250

BULLETIN NO.: MGR-96-055

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: 1997 Projected Market Prices for Barley, Malting Barley, and Oats

The Risk Management Agency today announced projected market price elections for the following multiple peril crop insurance crops (all prices are per bushel): feed barley - $2.30 and oats - $1.60. The additional value price election for the malting barley endorsement (option A) is $0.50. These price elections are available to producers who elect additional coverage for their 1997 crop(s). Producers who choose the catastrophic (CAT) level will be insured at 60 percent of these values (except malting barley, which may not be insured under CAT). The price elections for CAT coverage are as follows: feed barley - $1.38 and oats - $0.96.

The established price elections previously announced were $2.30 for feed barley and $1.60 for oats. Eligibility for level of subsidy is based on the projected market price. Price election choices must be made on or before the sales closing date for the crop in a county.

BULLETIN NO.: MGR-96-056

TO:

All Reinsured Companies
FSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Raisin Reconditioning and Value Determinations

BACKGROUND:

In recent years there has been increased inconsistency in the manner that raisin losses have been adjusted. A recent audit by the Office of Inspector General (OIG) and the Sacramento Compliance Office has identified the handling and valuing of raisins sold off-grade in alternative markets as a major area of concern. There are allegations that some raisin insureds are receiving more liberal treatment than others when losses are adjusted.

ACTION:

Prior to valuing and releasing rain damaged raisins to an alternative market, the loss adjuster must determine if the crop can be reconditioned. Either of two methods may be used for this determination: Boxed Sample Method and Field Sample Reconditioning. The method will depend on the intentions of the producer and condition of the crop. The claim may not be finalized until final disposition of the crop under either method is known.

The policy states that we may require the producer to recondition up to a 10 ton sample to determine if they meet RAC standards for marketable raisins. The policy further states that, based on this outcome, we may require the grower to recondition all the raisins, or we may value such raisins at the insurance price. If the grower has boxed his crop but intends to sell them “AS IS”, the Boxed Method provided below will be used to determine if they can be reconditioned and value the damaged crop. If the grower has not boxed the crop, but intends to sell the crop “AS IS”, the company may require the insured to box up to a 10 ton sample to be reconditioned and base the claim on these results. If the grower refuses to box a 10 ton sample, for whatever reason, the Field Method will be used.

Boxed Sample Method:
This procedure will be used when:

A.
The raisins have been boxed and it is the grower’s intention to sell the production in an alternative use market. The producer must make efforts to protect the cop in the boxes or bins, once the crop has been removed from the field insurance ceases.

B.
The grower agrees to pick up and box up to 10 tons of raisins to be reconditioned.

1. If the crop has been boxed, the loss adjuster will randomly select 10 to 20 bins (between 5 and 10 tons) of raisins to be reconditioned. If the crop has not been boxed, the loss asjuster will work with the grower to ensure a representative 10 to 20 bins are collected for reconditioning. The grower should be encouraged to have the packer recondition the sample. If the grower’s packer cannot run the sample, another reconditioner will be contacted to run the sample. The loss adjuster will assist the grower in finding a reconditioning facility if necessary.

2. After the sample has been reconditioned, a USDA inspection will be completed to determine if they meet USDA grade for raisins. The USDA inspection results must be maintained in the grower's claim file.

3. If the sample fails to meet USDA grade for raisins, or if it is determined that 30% or less of the sample is recoverable, the company must work with the grower to determine the highest price available to the insured for the production. This value will be used for claim purposes.

A.
Prior to releasing the crop for an alternative-use market, the company should obtain the packer’s release. Companies are to use the “Raisin Packer’s Release of Insured Raisins Form” for this purpose. (See Exhibit 1).

B.
The company branch office will request that all parties bidding on the damaged crop provide the price on the “Alternative-use Market Value” form. (See Exhibit 2). Companies must attempt to get at least 3 bids. The form is to be issued directly to the branch office by the entity providing the bid. All forms are to be placed in the claim file to document the value used.

C.
Once the value has been established, the grower may dispose of the crop in any alternative-use market. The company representative will complete the “Raisin Release To An Alternative-use Market” form, obtain the insured’s signature, and file a copy in the claim folder. (See Exhibit 3). After the raisins have been sold as alternative-use, finalize the claim. If the grower later markets the crop for alternative use and receives a higher value, the higher value will be used for claim purposes.

D. If the grower changes his/her mind and reconditions the crop, the procedures contained in the Raisin Handbook will be followed and the claim finalized.

4. If the sample meets USDA grade for raisins, the loss adjuster will confirm the insured's intentions. If the crop will not be reconditioned, the claim will be completed by extrapolating the results of the sample to the entire crop. Allowance for reconditioning and production adjustments provided by the policy will be included in the claim determination.

Field Sample Method:
The Field Sample method will be used to value raisins that have reached 16% moisture and if it is the grower's intent to sell the crop in an alternative-use market. Raisins that have not dried down to 16% moisture should be left in the field until they are dry enough to box, unless the grower can deliver the crop to cold storage or has immediate access to reconditioning.

1.
The loss adjuster is to obtain the packer's release. Companies are to use the "Raisin Packer's Release of Insured Raisins Form" for this purpose.
(See Exhibit 1)

2.
The loss adjuster will select a representative sample of not less than ten gallons of raisins.

3.
The adjuster will mix the sample, select the amount necessary for an inspection by the USDA, and deliver the sample for a USDA crop insurance inspection for mold, sand, and micro. The Agriculture Marketing Service (AMS) determination must be maintained in the claim file.

4.
The loss adjuster will utilize the historic reconditioning yields contained in the Raisin Reconditioning Pool Agreement (NCIS-M715A, option A or FCI-551) to determine the extent of loss for crop insurance purposes. If the crop is not reconditioned, the claim will be computed by extrapolating the historic reconditioning percentage to the entire crop. Allowances for reconditioning and production adjustments provided by the policy will be included in the claim determination.

5.
If the Raisin Reconditioning Pool Agreement indicates 30% or less recovery, the crop will be considered uneconomic to recondition. Follow the procedure provided in paragraph 3 of the Boxed Sample Method to establish the highest value available to the grower.

6.
Once the historic reconditioning yields have been computed, the grower may dispose of the crop in any alternative use market. If the crop is reconditioned by the grower, the procedures in the Raisin Loss Adjustment manual will be followed. Do not finalize the claim until the insured's actual disposition of the crop is known.

The raisin policy states that the grower must box and deliver all raisins that can be removed from the field. If it is the grower's decision not to box and deliver the raisins, he or she should be reminded that further rain damage would be considered an uninsured cause of loss and would not be covered by the policy.

This procedure will become effective beginning with the 1996 crop year.

Attached Forms:

The attached forms are to be used by all insurance providers. These forms may be modified by using the company logo.

BULLETIN NO.: MGR-96-056

EXHIBIT 1

RAISIN PACKER'S RELEASE OF INSURED RAISINS

INSURED NAME: ______________________________

POLICY NO.: _________________________________

UNIT NO.: ________

___________________________________ hereby releases approximately ___________
(Packer's Name)

tons of off-grade ______________________________ raisins from the above stated producer's

(Variety)
contract.

_____________________________________ ______________________
Signature of Packer Representative Date

BULLETIN NO.: MGR-96-056

EXHIBIT 2

ALTERNATIVE-USE MARKET

VALUE SHEET

Name of Insured: ___________________________________Date: _________________

Policy Number: ____________________________________Unit Number ___________

Address of Insured: ____

Location of Unit: ____

I, ______________________________________ of ___________________________________

(Name)

(Company)

hereby value, and agree to purchase and pay the above-stated insured $ _____________ per ton on approximately _____________ tons of off-grade raisins from the about unit if I am notified of acceptance of this bid by ______________________.

(Date and time)

Please send or fax this sheet to the following:

BULLETIN NO.: MGR-96-056

EXHIBIT 3

RAISIN RELEASE TO AN ALTERNATIVE-USE MARKET

Insured Name: ___________________________________

Policy No.: ______________________________________Unit No.: ___________

The __________________________________ hereby authorizes the release of approximately
(Insurance Company)

______________ tons of off-grade, ________________________ raisins from the above unit to an alternative-use market for the above stated insured. It is understood that these raisins will not be reconditioned on behalf of the insured.

____ __________________
(Authorized Insurance Company Representative) (Date)

United States Department of Agriculture
Risk Management Agency
AG Code 525
1400 Independence Ave., S.W.
Washington, D.C. 20013-2415

BULLETIN NO.: MGR-96-057

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Loss Procedure For Adjusting Damaged Onions In New York

BACKGROUND:

Hail storms in southeast New York followed by abnormally cool and wet conditions have caused severe disease infestation in the onion crop. The hail storms severely damaged the onion tops leaving the bulbs exposed to disease. The condition of the crop deteriorated due to excess moisture and abnormally cool weather. As a result, bacterial soft rot set in and spread to most of the onion crop acreage in Orange County, New York. Preliminary appraisals indicate that on most acreage 50 percent or more of the onions contain bacterial soft rot infection. Affected onions must be separated from non-affected onions to be marketable. In most instances separating the onions is not practical when the infestation exceeds 50%.

The purpose of this bulletin is to transmit revised procedure for adjusting 1996 crop year onion losses in New York due to bacterial soft rot.

ACTION:

For the 1996 crop year only:

1. If the appraisal reveals that 50 percent or more of the sampled onions are infected with bacterial soft rot which occurred within the insurance period, the production to count from the sampled areas will be considered zero if the onions are not harvested.

2. If an insured elects to harvest and market onions from acreage with a 50 percent or greater incidence of bacterial soft rot, the production to count will be based on the onion-by-onion appraisal method contained in the Onion Handbook.

3. If the appraisal reveals that less than 50 percent of the sampled onions are damaged and the acreage is not harvested, the appraised production to count will be based on the onion-by-onion appraisal method contained in the Onion Handbook.

BULLETIN NO.: MGR-96-058

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Clarification of "Competing Agency"

BACKGROUND:

Section V.F.3 of the Standard Reinsurance Agreement (Agreement) states:

> The Company may not permit its sales agents, local agency employees, sales supervisors, or their spouses or family member residing in the same household as any such sales agent, local agency employee, or sales supervisor to adjust losses, or supervise or otherwise control loss adjusters, nor to participate in the determination of the amount or cause of any loss nor to verify yields of applicants for the purpose of establishing any insurance coverage or guarantee, if the eligible crop insurance contracts involved are sold or serviced by or through the sales agent, local agency employee, the local agency, **any competing agency**, or by any agent or local agency supervised by the sales supervisor. (Emphasis added)

The term "competing agency" is not defined in the Agreement. To clarify this term, the Federal Crop Insurance Corporation (FCIC) has determined that a "competing agency" is an agency in any county (including all counties adjoining such county) in which the local agency has sold or is in the process of selling any crop insurance policy which has been approved by FCIC's Board of Directors (Board).

ACTION:

Effective for the 1997 reinsurance year, reinsured companies must ensure that:

1) sales agents and local agency employees (including their spouses and family members residing in the same household) are not involved in loss adjustment or yield verification on any Board-approved policy in any county (including all counties adjoining such county) in which the local agency has sold or is in the process of selling any Board-approved policy.

2) sales supervisors (including their spouses and family members residing in the same household) are not involved in loss adjustment or yield verification on any Board-approved policy in any county (including all counties adjoining such county) in which any agency supervised by the sales supervisor has sold or is in the process of selling any Board-approved policy.

United States Department of Agriculture
Risk Management Agency
Office of The Administrator
Washington, D.C. 20250

BULLETIN NO.: MGR-96-059

TO: All Reinsured Companies
All Risk Management Field Offices

FROM: Kenneth D. Ackerman
Deputy Administrator

SUBJECT: Guidance for Evaluating 1996 Crop Year Canola Prevented Planting Substitute Crop Claims

BACKGROUND:

The Federal Crop Insurance Corporation (FCIC) St. Paul Risk Compliance Office (RCO) has documented that many insureds submitted requests to increase maximum Canola acreage eligible for prevented planting coverage which were for significantly more acres than the insureds actually intended. Such requests had to be submitted to insurance providers on or before the sales closing date and insurance providers had to approve such requests in writing. The St. Paul RCO also identified that many insureds were planting crops with later final planting dates on or before the canola final planting date of May 25, 1996, for North Dakota and May 31, 1996, for 2 counties in Minnesota. The crop insurance policy does not provide prevented planting coverage when the producer chooses not to plant the intended crop. FCIC Manager’s Bulletin MGR-96-023 and MGR-96-026 announced the extension of the canola final planting dates for the 1996 crop year in North Dakota and Minnesota.

FCIC’s approved prevented planting policy for the 1996 crop year provides that no prevented planting production guarantee will be provided for such acreage if the substitute crop is planted on or before the tenth day following the final planting date for the insured crop. A production guarantee equal to twenty-five percent of the production guarantee for timely planted acres will be provided if the substitute crop is planted after the tenth day following the final planting date for the insured crop. All reinsured companies must assure any prevented planting claims are in accordance with all canola policy provisions.

ACTION:

In accordance with policy provisions, an insured who files a substitute crop claim (PP-25%) will not be eligible for such prevented planting production guarantee if a substitute crop was planted on the acreage on or before the tenth day after the applicable canola final planting date.

Some insureds are claiming prevented planting for canola when other crops were planted on the farm and those acres could have been timely planted to canola. Reinsured companies must review the planting dates and identify the acres of all crops other than canola planted on or before the applicable canola final planting date. If canola could have been planted on those acres, deduct the acres planted to other crops from the acres claimed as prevented planting canola (PP-25%).

For example, an insured has 200 cropland acres. The insured planted 150 acres to wheat prior to the canola final planting date (e.g. May 20) and is not claiming prevented planting on this acreage. The remaining 50 acres were planted to wheat more than 10 days after the canola final planting date and the insured is claiming prevented planting canola at 25% of the production guarantee, with wheat as the substitute crop. Since the 50 acres could have been planted to canola when the 150 acres of wheat were planted, the insured would not be entitled to the 25 percent guarantee. The planted wheat acres would be deducted from the 50 acres claimed as prevented planting resulting in no prevented planting payments.

For unplanted prevented planting acre claims (PP-50%), use the criteria contained in the canola policy.

United States Department of Agriculture
Risk Management Agency
Office of the Administrator
Washington, D. C. 20250

BULLETIN NO.: MGR-96-060

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery & Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Final Planting Date for Winter Wheat in South Dakota

BACKGROUND:

Producers in western South Dakota have delayed planting winter wheat because of poor moisture conditions and insect infestations (grasshoppers). This seems to be a good management decision as producers in areas with grasshoppers have experienced damage to newly planted winter wheat fields.

The current final planting date for winter wheat in South Dakota is September 30, 1996. Because the late planting option does not apply to winter wheat in counties with both a winter and spring final planting date, producers have requested that the final planting date be extended. The Billings Regional Service Office has determined that extending the final planting date into a period of better moisture conditions and less insect infestation/activity does not increase risk compared to acreage seeded in dry, insect-infested conditions.

ACTION:

Effective for the 1997 crop year, the final planting date for winter wheat in South Dakota has been extended to October 15, 1996.

BULLETIN NO.: MGR-96-061

TO: All Reinsured Companies
All Risk Management Agency Field Offices
FSA Headquarters, Program Delivery and
Field Operations

FROM: Kenneth D. Ackerman /s/
Administrator

SUBJECT: Section 508(h) Crop Insurance Policies Receiving Federal Subsidy and Reinsurance

BACKGROUND:

Section 508(h) of the Federal Crop Insurance Act, as amended (the Act), requires the Federal Crop Insurance Corporation (FCIC) to publish any policy, rate, or provision of a policy approved by the FCIC Board of Directors (Board) as a notice and to make such policies available for sale by other FCIC reinsured companies. The Crop Revenue Coverage (CRC) plan of insurance was submitted under section 508(h) of the Act and later, on December 27, 1995, was approved by the FCIC Board to receive full FCIC reinsurance and subsidy. Similar policies may also be considered by the Board. Such policies approved by the FCIC Board will be published in the Federal Register as a notice.

ACTION:

1) Crop insurance policies reinsured by FCIC are exempt from state premium taxes.

2) A CRC or similar crop insurance policy receiving FCIC reinsurance and subsidy is considered as a replacement for the federally reinsured and subsidized multiple peril crop insurance policy.

3) The rates, terms and conditions of CRC policies were approved by the FCIC Board and may not be revised or altered.

4) FCIC will provide "cut-through" protection as defined in the Standard Reinsurance Agreement in the event the company reinsured by FCIC is unable to meet its obligations to policyholders.

United States Department of Agriculture
Risk Management Agency
Office of the Administrator
Washington, D.C. 20250

BULLETIN NO: MGR-96-062

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarter, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Administrator

SUBJECT: Acceptance of Late Filed Applications in Specific Counties in South Dakota

BACKGROUND:

On July 31, 1996, the Risk Management Agency (RMA) announced that Aurora, Bon Homme, Davison, Douglas, Hanson, Hutchinson, Jerauld, and Sanborn Counties, South Dakota would be considered winter/spring wheat counties for the 1997 and continuing crop years. Dates effected by this change included the cancellation date, sales closing date, acreage reporting date, termination date and the production reporting date.

Additionally, for the 1996 crop year, Harding and Perkins Counties, South Dakota, had both winter and spring wheat insurance. It was intended that these two counties have only spring wheat insurable for the 1997 crop year. Since this change was not filed by the contract change date of June 30, 1996, RMA recently issued Multiple Peril Crop Insurance and Crop Revenue Coverage actuarial documents to provide winter wheat coverage for the 1997 crop year in these two counties.

RMA has received requests to accept late filed applications due to the lateness of the announcement and distribution of the actuarial material for these 10 counties.

ACTION:

For the 1997 crop year only, insurance providers may accept late filed applications without stipulation (crop inspections are not required) until October 15, 1996, for winter wheat in the following counties of South Dakota: Aurora, Bon Homme, Davison, Douglas, Hanson, Harding, Hutchinson, Jerauld, Perkins, and Sanborn Counties. Late filed applications may be accepted for both multiple peril crop insurance and Crop Revenue Coverage.

The acreage reporting date of October 31, 1996, remains the same.

BULLETIN NO.: MGR-96-063.1

TO: All Reinsured Companies
All Risk Management Field Offices

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Procedures Submitted In Response to Crop Revenue Coverage (CRC) and Income Protection (IP) Loss Adjustment When the Harvest Price is less than the Spring Price

BACKGROUND:

On October 4, 1996, the Risk Management Agency (RMA) issued bulletin number MGR-96-063, which requested all participating reinsured companies to submit procedural plans for implementing the "Settlement of Claim" section of the CRC and IP Crop Provisions. Under the CRC and IP plans of insurance, when the Harvest Price is less than the Spring Price (Projected Price for IP), policyholders may be eligible for an indemnity even though a production loss was not experienced.

ACTION:

RMA has received procedural plans from all participating reinsured companies. All procedural plans for CRC and IP Crop Provisions were consistent with the examples provided in paragraph 2 of MGR-96-063; therefore, the procedural plans are approved. Any other issues which may have been raised or discussed when the procedural plans were submitted will be addressed individually with each specific company.

United States Department of Agriculture | Risk Management Agency | Office of the Administrator | Washington, D. C. 20250

BULLETIN NO: MGR-96-064

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Clarification for Peanut Loss Adjustment

BACKGROUND:

The Federal Agricultural Improvement and Reform Act of 1996 (1996 Act), limited the number of pounds of Segregation II and III peanuts eligible to be transferred to the Quota Loan Pool to twenty-five percent (25%) of the current year's effective marketing quota, excluding poundage leased in the fall. The 1996 Act also limited the amount received for transferred peanuts to seventy percent (70%) of Quota Support Price by type. These are the two major changes impacting the current quality adjustment provisions of the Peanut Crop Insurance Policy in effect.

ACTION:

Peanut claims requiring quality adjustment will be completed according to current loss adjustment procedure except for grade price (value per pound) of Segregation II and III peanuts transferred to the Quota Loan Pool and the limitation of the number of pounds eligible for transfer. United States Department of Agriculture (USDA) Peanut Regulations interprets seventy percent (70%) of the Quota Support Price to be seventy percent (70%) of the grade price (value per pound from Item P of the FSA-1007). The reduced value per pound will be used for quality adjustment when peanuts are transferred to the Quota Loan Pool or the Waiver (of right) To Transfer Segregation II And III Peanuts To Quota Loan (FCI-513) has not been signed. Additionally, producers transferring Segregation II and III peanuts to the Quota Loan Pool are limited to twenty-five percent (25%) of the current year's effective marketing quota, excluding peanuts leased in the fall.

The Peanut Crop Insurance Policy (93075), Section 9. e. (2), counts any threshed and appraised production in excess of the unit's effective poundage marketing quota as non-quota (additional) peanuts. This means any non-quota (additional) peanuts (excess of quota) will be quality adjusted using the highest non-quota price election. Peanuts short of quota will be quality adjusted using the Quota Support Price regardless of grade. Clarification for calculating quality adjustment and implementing 1996 Act provisions will be issued in a Peanut Handbook update.

United States Department of Agriculture
Risk Management Agency
Office of the Administrator
Washington, D.C. 20250

BULLETIN NO.: MGR-96-065

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Additional Guidelines Regarding Transfer of CAT Policies

BACKGROUND

Questions have developed concerning the movement of the Catastrophic Risk Protection (CAT) policies to reinsured companies from Farm Service Agency (FSA) local offices in the 14 states selected by the Secretary. In some instances producers assigned to a reinsured company failed to either respond to company/agent contacts to complete new applications or to sign a cancellation form. Additionally, reinsured companies and the Risk Management Agency (RMA) were unable to contact some insureds due to incorrect addresses or other circumstances.

RMA issued Notice RM-185 on September 30, 1996, instructing all FSA county offices to notify all producers, regardless of where they currently were insured, of changes relating to filing FSA-570 and cancellation of CAT policies. Notice RM-185 was also sent to all reinsured companies.

Bulletin No. MGR-96-041 established the basic procedures for transferring policies from FSA to reinsured companies.

ACTION

For the 1997 crop year:

A. For all crops with a contract change date of August 20, 1996, or prior (predominantly fall seeded crops) (a list of contract change dates and cancellation dates for effective crops is attached) the following actions must be taken for any assigned policyholder who has not completed an application or canceled his/her policy:

1) Through each crop's acreage reporting date, reinsured companies will take the necessary steps to establish the CAT policy on their books, including obtaining signed applications, completing APH forms, and collecting administrative fees and acreage reports when due.

2) Any assigned policyholders who a) do not sign an application with a reinsured company or b) do not request cancellation with the reinsured company or local FSA office or c) fail pay the administrative fee by the acreage reporting date, will have his/her policy(s) terminated effective on the acreage reporting date in accordance with the CAT endorsement. Reinsured companies must notify policyholders of the termination.

3) Producers whose policies are terminated, will remain eligible for other USDA program benefits provided they sign an FSA-570, Waiver for Emergency Crop Loss Assistance.

B. For all other crops with a Contract Change Date later than August 20, 1996, (predominantly spring seeded crops) the following actions must be taken:

1) Through each crop's acreage reporting date, reinsured companies will take the necessary steps to establish the CAT policy on their books, including obtaining signed applications, completing APH forms, and collecting administrative fees and acreage reports when due.

2) Any assigned policyholder who a) does not sign an application with a reinsured company or b) does not notify the reinsured company/agent or the FSA local office of his/her request for cancellation or c) fails to pay the administrative fee will have his/her policy(ies) terminated effective on the acreage reporting date in accordance with the CAT endorsement. Reinsured companies must notify policyholders of the termination.

3) Either the reinsured company or FSA local office must document a policyholder's request for cancellation on a cancellation form or maintain readily accessible documentation that reflects the date and time the insured advised of his/her request for cancellation.

4) Producers who failure to pay the $50 administrative fee or submit an acreage report, when due, will have breached the crop insurance contract and will not be eligible for other USDA program benefits including: a) benefits under the Agricultural Market Transition Act, b) loans, including loans from Farm Credit and c) benefits under Conservation Reserve Program without regard to whether an FSA-570 waiver was signed.

5) Reinsured companies and their agents (with the support of local FSA offices) have an affirmative responsibility to advise policyholders who do not wish to continue their coverage to sign a cancellation form by the cancellation date or otherwise express the desire to cancel assuring other USDA program benefits are not affected.

C. Due to incorrect addresses, RMA and reinsured companies were unable to notify some producers of the change in their insurance provider. If any assigned insured requests crop insurance after the sales closing date because he/she was not notified of a change in provider, reinsured companies should document such cases and take the necessary steps to establish the CAT policy on their books of business, including obtaining signed applications, completing APH forms and collecting administrative fees and acreage reports.

D Attached, are listings showing the contract change dates and cancellation dates for crops in the 14 states. These may be used in the efforts to transfer CAT.

Attachment

Attachment

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
Arizona	6/30/96	Nursery	9/30/96
		Barley Wheat	10/31/96
	8/31/96	Apples	11/20/96
		Grapefruit Lemons Mandarins Oranges Tangelos	11/30/96
	9/30/96	Potatoes	11/30/96
	10/31/96	Grapes, Table	1/30/97
	11/30/96	Corn Cotton	2/28/97
		Cotton, ELS	3/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
Colorado	5/31/96	Forage Production	11/30/96
	6/30/96	Nursery Wheat Wheat, GRP	9/30/96
		Barley	9/30/96 4/15/97
	8/31/96	Apples	11/20/96
		Peaches	11/30/96
	11/30/96	Corn Grain Sorghum Sunflowers	3/15/97
	12/31/96	Barley Dry Beans Oats Popcorn Potatoes Sugar Beets Wheat	4/15/97
		Millet	3/15/97
		Onions	3/01/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
Illinois	6/30/96	Nursery Barley Wheat - GRP Wheat	9/30/96
	8/31/96	Apples	11/20/96
	11/30/96	Corn Grain Sorghum Soybeans	3/15/97
	12/31/96	Canning Beans Corn - GRP	4/15/97
		Corn - Income Protection	3/15/97
		Corn, Hybrid Seed Green Peas Oats Popcorn Soybeans - GRP Sweet Corn, Processed Tomatoes, Processed	4/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
Indiana	6/30/96	Nursery Barley Wheat - GRP Wheat	9/30/96
	8/31/96	Apples	11/20/96
	11/30/96	Corn Grain Sorghum Soybeans	3/15/97
	12/31/96	Canning Beans Corn - GRP	4/15/97
		Corn - Income Protection	3/15/97
		Corn, Hybrid Seed Oats Popcorn Potatoes Soybeans - GRP Tobacco Tomatoes, Processed	4/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
Iowa	5/31/96	Forage Production	11/30/96
	6/30/96	Nursery Wheat Wheat - GRP	9/30/96
	11/30/96	Corn Grain Sorghum Soybeans	3/15/97
	12/31/96	Barley Canning Beans Corn - GRP	4/15/97
		Corn - Income Protection	3/15/97
		Corn, Hybrid Seed Dry Beans Forage Seeding Green Peas Oats Popcorn Potatoes Soybeans - GRP Sweet Corn, Processed	4/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
Kansas	6/30/96	Nursery Barley Wheat - Revenue Covered Wheat Wheat - GRP	9/30/96
	11/30/96	Corn Cotton Grain Sorghum Soybeans Sunflowers	3/15/97
	12/31/96	Dry Beans Corn - GRP Grain Sorghum - GRP Oats Soybeans - GRP	4/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
Minnesota	6/30/96	Nursery	9/30/96
		Forage Production	11/30/96
		Forage Production - GRP	12/31/96
	11/30/96	Corn Grain Sorghum Soybeans Sunflowers	3/15/97
	12/31/96	Barley Canning Beans	4/15/97
		Canola	3/15/97
		Corn - GRP Corn, Hybrid Seed Dry Beans Flax Forage Seeding Green Peas Oats Popcorn Potatoes Soybeans - GRP Sugar Beets Sweet Corn, Processed Wheat Wheat - Income Protection	4/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
Montana	5/31/96	Forage Production	11/30/96
	6/30/96	Nursery Wheat	9/30/96
		Wheat - GRP	9/30/96 4/15/97
		Wheat - Income Protection Wheat - Revenue Coverage	9/30/96
	11/30/96	Corn	3/15/97
	12/31/96	Barley Barley - GRP	4/15/97
		Canola	3/15/97
		Dry Beans Forage Seeding Oats Potatoes Safflower Sugar Beets Wheat	4/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
Nebraska	6/30/96	Nursery Rye Wheat Wheat - GRP Wheat- Revenue Coverage	9/30/96
	11/30/96	Corn Grain Sorghum Soybeans Sunflowers	3/15/97
	12/31/96	Barley Corn - GRP Corn, Hybrid Seed Dry Beans Grain Sorghum - GRP	4/15/97
		Millet	3/15/97
		Oats Popcorn Potatoes Soybeans - GRP Sugar Beets	4/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
North Carolina	6/30/96	Nursery Barley Oats Wheat Wheat - GRP	9/30/96
	8/31/96	Apples Blueberries	11/20/96
		Peaches	11/30/96
	9/30/96	Potatoes	12/31/96
	11/30/96	Corn	2/28/97
		Corn - GRP	3/31/97
		Cotton Grain Sorghum	2/28/97
		Peanuts Peanuts - GRP	3/31/97
		Soybeans	2/28/97
		Soybeans - GRP	3/31/97
	12/31/96	Tobacco	3/31/97 4/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
North Dakota	5/31/96	Forage Production	11/30/96
	6/30/96	Nursery Rye	9/30/96
		Wheat - GRP	4/15/97
	11/30/96	Corn Grain Sorghum Soybeans Sunflowers	3/15/97
	12/31/96	Barley Barley - GRP	4/15/97
		Canola	3/15/97
		Dry Beans Dry Peas Flax Forage Seeding	4/15/97
		Millet	3/15/97
		Oats Potatoes Safflower Soybeans - GRP Sugar Beets Wheat Wheat - Income Protection	4/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
South Dakota	5/31/96	Forage Production	11/30/96
	6/30/96	Nursery Rye Wheat	9/30/96
		Wheat - GRP	9/30/96 4/15/97
		Wheat - Revenue Covered	9/30/96
	11/30/96	Corn Grain Sorghum Soybeans Sunflowers	3/15/97
	12/31/96	Barley Barley - GRP Corn - GRP Corn, Hybrid Seed Dry Beans Flax Grain Sorghum - GRP	4/15/97
		Millet	3/15/97
		Oats Popcorn Potatoes Safflower Soybeans - GRP Wheat	4/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
Washington	5/31/96	Forage Production	11/30/96
	6/30/96	Nursery Wheat Wheat - GRP Wheat - Income Protection Wheat - Revenue Covered	9/30/96
	8/31/96	Apples Cranberries Grapes Pears	11/20/96
	11/30/96	Corn	3/15/97
	12/31/96	Barley Canning Beans	4/15/97
		Canola	3/15/97
		Dry Beans Dry Peas Green Peas Oats	4/15/97
		Onions	3/01/97
		Potatoes Sugar Beets Sweet Corn, Processed	4/15/97

STATE	CONTRACT CHANGE DATE	CROP	CANCELLATION DATE
Wyoming	5/31/96	Forage Production	11/30/96
	6/30/96	Nursery Wheat Wheat - GRP	9/30/96
	11/30/96	Corn	3/15/97
	12/31/96	Barley Dry Beans Forage Seeding Oats Potatoes Sugar Beets Wheat	4/15/97

BULLETIN NO.: MGR-96-065.1

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Changes to the Additional Guidelines Regarding Transfer of CAT Policies

BACKGROUND

This bulletin amends the previous Manager's Bulletin MGR-96-065 regarding the movement of the Catastrophic Risk Protection (CAT) policies to reinsured companies from Farm Service Agency (FSA) local offices. It has been determined that a properly executed waiver signed by producers in advance of applying for certain other USDA program benefits sufficiently complies with intent of the Federal Agriculture Improvement and Reform Act of 1996, to the extent that a failure to pay the administrative fee on a catastrophic protection crop insurance policy, standing alone, will not jeopardize the policyholder's other USDA benefits.

ACTION

For the 1997 crop year, strike the following portions of MGR-96-065:

B. 4) Producers who failure (sic) to pay the $50 administrative fee or submit an acreage report, when due, will have breached the crop insurance contract and will not be eligible for other USDA program benefits including: a) benefits under the Agricultural Market Transition Act, b) loans, including loans from Farm Credit and c) benefits under Conservation Reserve Program without regard to whether an FSA-570 waiver was signed.

5) Reinsured companies and their agents (with the support of local FSA offices) have an affirmative responsibility to advise policyholders who do not wish to continue their coverage to sign a cancellation form by the cancellation date or otherwise express the desire to cancel assuring other USDA program benefits are not affected.

Risk Management Agency will take the necessary actions to remove the provision from the 1997 Catastrophic RiskProtection Endorsement (97-CAT) as soon as possible via a technical correction to the regulations.

BULLETIN NO.: MGR-96-066

TO: All Reinsured Companies
FSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: 1997 APH Yield Adjustments for Peaches in Selected States

BACKGROUND:

During 1996, the peach crop in certain States was severely damaged by freezing temperatures. Peach production was less than would have been experienced under normal growing conditions for several major producing States. Due to this freeze, the Federal Crop Insurance Corporation (FCIC) explored potential methods for adjusting crop insurance yields for these producers.

ACTION:

For the 1997 crop year only, in the States where peach insurance is available, FCIC will administratively implement the following Actual Production History (APH) yield adjustments for peach producers:

1 A 10 percent yield cup. Approved APH yields may not decrease by more than 10 percent compared to the previous year's Approved APH yield, unless known tree damage has occurred or cultural practices have been performed that will reduce the insured crop from previous production levels. A 5 percent premium surcharge will be required ONLY when the 10 percent cup is applied. (See attached examples.)

2 Waive use of the yield variance table for carryover insureds. The yield variance table is used to determine if a unit requires a field inspection and/or approval of the APH yield by the FCIC Regional Service Office (RSO).

3 For new insureds, mitigate the number of inspections and RSO approved APH yields that would be caused by low 1996 actual yields when using the yield variance table. For new insureds, low actual yields reported for the 1996 crop year WILL NOT be counted for yield variance table purposes. (See attached example.)

PEACH EXAMPLES CUPS/PREMIUM SURCHARGE

Example 1, Carryover Insured:

The 1996 approved APH yield was 192, 90 percent of that yield (Cup) = 173. The actual average APH yield is 166. In this example, the 1997 approved APH yield is cupped at 173 and a 5 percent premium surcharge applies.

1997 APH FORM

Year	Acres	Yield
1992	24.8	51
1993	24.8	236
1994	22.5	305
1995	23.4	232
1996	23.4	6
	830/5 =	166

An inspection and an FCIC RSO approved yield are NOT required. Use of the yield variance table is waived for carryover insureds.

Example 2, Carryover Insured:

The 1996 approved APH yield was 187, 90 percent of that yield (CUP) = 168. The actual average APH yield is 174. In this example the 1997 approved APH yield will be 174. Since the cupped yield was not applicable, the 5 percent premium surcharge does not apply.

1997 APH FORM

Year	Acres	Yield
1992	105.5	104
1993	105.6	140
1994	96.7	348
1995	99.9	271
1996	99.9	6
	869/5 =	174

Example 3, New Insured:

1997 APH FORM

Year	Acres	Yield
1992	46.8	345
1993	46.8	322
1994	44.0	124
1995	42.2	116
1996	42.2	16
	923/5 =	185

Since this is a new insured, use of the yield variance table is required. Disregarding 1996, the unit still has two actual yields (1994 and 1995) that are less than 75 percent of APH average yield. An inspection and an FCIC RSO approved APH yield ARE required.

BULLETIN NO.: MGR-96-067

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT**:** Retention of Original Insurance Documents by Local Agencies

BACKGROUND:

The Standard Reinsurance Agreement's Plan of Operations requires reinsured companies to identify each regional office, general agency, service center, and other company designated office, which will retain original insurance documents relative to policyholder servicing, (i.e., applications, acreage reports, summaries of coverage, proofs of loss, and similar documents), and including the names of the office managers and the identity of the states serviced. The Federal Crop Insurance Corporation (FCIC) has previously approved, at companies' request, the retention of original insurance documents for specific periods of time at a local agent's office.

After further consideration, FCIC has determined that original insurance documents must ultimately be retained at the company's headquarters or branch office, or other location under the direct control of the company. FCIC is aware that electronic systems now available allow close monitoring of the agencies' data transmission and revisions which may include, but may not be limited to, an electronic scan or signature pen. However, the retention of original insurance documents at a location under the control of the company is an important underwriting control for preventing unauthorized changes to the original documents.

ACTION:

Effective for the 1998 Reinsurance Year, reinsured companies must retain original insurance documents at the companies' headquarters or branch office, or other location under the direct control of the company. The original insurance documents must be received in the company's office within 30 days of receipt by the agent. Although FCIC recommends that companies implement this procedure immediately, previous approvals allowing the retention of original insurance documents at a local agent's office will not terminate until after the 1997 Reinsurance Year.

BULLETIN NO.: MGR-96-067.1

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Retention of Original Documents by Local Agencies

BACKGROUND:

Bulletin No.: MGR-96-067, issued November 13, 1996, required reinsured companies to retain original insurance documents at the company's headquarters, branch office, or other location under the direct control of the reinsured company. The Federal Crop Insurance Corporation (FCIC) has been contacted by numerous reinsured companies requesting reconsideration of our position. FCIC agrees that allowing local agencies to retain original insurance documents will reduce the companies' administrative expense but is concerned about the loss of underwriting control when original insurance documents are not retained at a location which is under the direct control of the company.

ACTION:

As an interim measure, FCIC agrees to rescind MGR-96-067. The bulletin will not be in effect until FCIC, in conjunction with the crop insurance industry, has explored possible options for the retention of original insurance documents.

BULLETIN NO.: MGR-96-068

TO: All Reinsured Companies
All Risk Management Field Offices
All Other Interested Parties

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Crop Revenue Coverage (CRC) Expansion and Revenue Assurance Alternative Products of Insurance

On Tuesday, December 3, 1996, the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) reviewed and **conditionally** approved the following alternative products of insurance:

Alternative Product	**Submitted by**
Revenue Assurance	Farm Bureau Mutual Insurance Company
New Crop Revenue Coverage Programs	Redland Insurance Company
Cotton, Grain Sorghum, andSpring Wheat	

On December 4 and 5, 1996, information relative to the above stated alternative products of insurance was released via fax to many insurance providers and other interested parties through a non-government source. The information contained in these faxes in no way constitute the "official" release of CRC and Revenue Assurance by FCIC and may not represent the actual programs as approved by the Board. Therefore, none of the information provided may be used for FCIC purposes until the conditions outlined by the Board have been met. Once these conditions are met, FCIC will file a notice of availability of these products in the Federal Register and will provide the necessary documents on the Reporting Organization Server for insurance provider access and use. Until such time as the conditions outlined by the Board are met, the Cotton, Grain Sorghum, and Spring Wheat Crop Revenue Coverage Programs and the Revenue Assurance alternative product of insurance are not available for use by insurance providers.

Should you have further questions regarding the CRC or Revenue Assurance alternative products of insurance, you may contact Michelle Fuller of the Reinsurance Services Division at (202) 720-6356.

INFORMATIONAL MEMORANDUM

TO: All Reinsured Companies

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Compliance With MGR-96-068

Federal Crop Insurance Corporation (FCIC) has received allegations that unauthorized public offerings of Crop Revenue Coverage (CRC) expansion and Revenue Assurance by some insurance providers have been made using electronic and print media. All persons or companies doing so should stop immediately. Companies have an obligation to inform their agents that such action is inappropriate and to take steps to stop it where necessary.

The FCIC Board of Directors is considering possible coverage in these program areas. Those deliberations are not complete. Neither program has received final approval by the Board.

MGR-96-068 addressed the status of the Board's deliberations and the limitations that status placed on the use of information relative to these alternative products. MGR-96-068 has not been withdrawn or modified. MGR-96-068 remains in force.

The FCIC Board of Directors is charged with the management of the Corporation in Section 503 of the Act. That charge includes the review and approval of program changes or additions, and their subsequent offering under the Standard Reinsurance Agreement (SRA). Until there are final decisions by the Board providing for public offerings by companies reinsured under the SRA, any company making such an offer is in violation of the SRA. Such offerings would not meet the definition of an "Eligible contract" (Section I. Definitions) for lack of FCIC (Board) approval. When the Board completes its action in these program areas prompt notice will be provided to you.

BULLETIN NO.: MGR-96-069

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: 1997 GRP Forage Production Program

BACKGROUND:

The actuarial documents for the 1997 GRP Forage Production program were filed as part of the fall (May 31) filing and are dated April 25, 1996. In November, a new GRP Common Policy (97102) and GRP Forage Crop Provisions (97133) were published for this pilot program for the 1997 crop year. Because the new policy contains changes that may be considered adverse, policyholders must be advised of the changes by 30 days preceding the cancellation date. The cancellation date in the policy in effect for the 1996 crop year is December 31, 1996.

ACTION:

Effective for the 1997 crop year only, the Risk Management Agency will allow acceptance of a late-filed cancellation request through January 31, 1997, to allow insurance providers additional time to notify policyholders of changes to the program for 1997.

BULLETIN NO.: MGR-96-070

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations
All Other Interested Parties

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: Notice of Termination

In accordance with section V.J. of the Standard Reinsurance Agreement, the Federal Crop Insurance Corporation (FCIC) herewith gives notice that it will terminate the current (1995/1997) Standard Reinsurance Agreement effective June 30, 1997. This action is necessary to provide FCIC sufficient time to address proposed changes for the 1998 Standard Reinsurance Agreement. It also provides an opportunity to address reinsurance for revenue insurance programs and catastrophic risk protection policies.

A Notice of Termination has been prepared for publication in the Federal Register (copy attached) as well.

Questions related to this bulletin may be addressed to E. Heyward Baker, Acting Director, Insurance Services, Reinsurance Services Division, (202) 720-4232.

Attachment

Billing Code 3410-FA-P

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Termination of the Standard Reinsurance Agreement

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Notice of termination.

SUMMARY:The Federal Crop Insurance Corporation (FCIC) herewith gives notice that it will terminate the current (1995/1997) Standard Reinsurance Agreement effective as of June 30, 1997.

EFFECTIVE DATE: June 30, 1997

FOR FURTHER INFORMATION CONTACT: E. Heyward Baker, Acting Director, Reinsurance Services Division, Insurance Services, Risk Management Agency, United States Department of Agriculture, 1400 Independence Avenue, SW, Room 6727-S, Washington, D.C. 20250, telephone (202) 720-4232.

SUPPLEMENTARY INFORMATION: In accordance with section V.J. of the Standard Reinsurance Agreement, this action is necessary to provide FCIC sufficient time to address proposed changes for the 1998 Standard Reinsurance Agreement, including those recommended by the crop insurance industry and the Office of Management and Budget and proposed in the President's 1998 budget proposal. FCIC also intends to address reinsurance for Crop Revenue Coverage and catastrophic risk protection policies.

Accordingly, the FCIC herewith gives notice that it will terminate the current (1995/1997) Standard Reinsurance Agreement effective June 30, 1997.

Signed in Washington, D.C. on 12/27/96.

Kenneth D. Ackerman
Manager
Federal Crop Insurance Corporation

BULLETIN NO.: MGR-96-071

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Kenneth D. Ackerman
Acting Administrator

SUBJECT: 1997 Projected Market Prices for Corn, Grain Sorghum,
Soybeans and Corn Silage

The Risk Management Agency (RMA) today announced the projected market prices, which are the maximum price elections for 1997 crops: corn - $2.45 per bushel; grain sorghum - $2.30 per bushel; soybeans - $6.15 per bushel; and corn silage - $16.70 per ton. These price elections are available to all producers who insure their 1997 crop(s) at levels above catastrophic coverage. Price election choices must be made on or before the sales closing date for the crop in a county.

The preliminary price elections were $2.45 per bushel for corn, $2.30 per bushel for grain sorghum, $5.80 per bushel for soybeans, and $16.70 per ton for corn silage. When the maximum price election are higher than the preliminary price elections, producers originally electing the preliminary price may be impacted. When the market price is higher than the established price, the level of subsidy may change. Exclusion of hail and fire provisions also may be affected.

The prices for catastrophic coverage are: corn - $1.47 per bushel; grain sorghum- $1.38 per bushel; soybeans - $3.69 per bushel; and corn silage - $10.02 per ton.