



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO: MGR-99-002

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

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 1-15-99
Administrator

SUBJECT: Emergency Financial Assistance to Farmers

BACKGROUND:

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (Public Law 105-277), authorized \$2.375 billion to assist farmers suffering from crop and economic losses. Secretary Dan Glickman approved a portion of these funds for the Federal Crop Insurance Corporation (FCIC) to offer an incentive to purchase crop insurance or to increase coverage. This incentive is expected to pay approximately 30 percent of the producer-paid premium. The exact percentage cannot be determined at this time because it depends upon the number of producers who eventually sign-up for this benefit.

The Secretary also authorized an additional crop insurance premium discount for producers who suffered multiple occurrences of scab and/or vomitoxin damage. This premium discount will be paid on any eligible 1999 crop year policy. The amount of the additional discount will also be announced after sign-up is completed.

The balance of the \$2.375 billion will provide disaster assistance for producers who had losses in 1998 and prior years. A producer who did not purchase crop insurance for the 1998 crop year is required to do so for the 1999 and 2000 (2000 and 2001 for citrus fruit, Avocados in California, and Macadamia Nuts in Hawaii) crop years as a condition for receiving a disaster payment.

This Bulletin outlines the implementation of the these relief initiatives.



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

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ACTION:

A. Crop Insurance Premium Incentive Discount (Premium Discount)

The premium discount is for 1999 crop year (2000 for citrus fruit, Avocados in California, and Macadamia Nuts in Hawaii) policies at the limited or additional coverage levels (buy-up). The exact amount of premium discount cannot be specified in advance, but is estimated to be 30 percent of the producer-paid premium. The premium discount depends upon a proration based on the total amount of eligible producer-paid premium. The actual premium discount percentage will not be known until most acreage reports have been processed.

1. Reinsured companies must advise agents to inform producers of the availability of the premium discount.
2. RMA will provide specific guidance regarding submission of data via updates to Manual-13 following consultation with the industry.

B. Premium Discount for Producers with Multiple Losses Due to Scab and/or Vomitoxin

Producers who insured wheat, barley, oats, or rye in any state during at least two of the crop years during 1994 through 1998 may be eligible to receive an additional premium discount on the producer-paid premium for any 1999 crop policy. The 1999 insured crop or crops need not be wheat, barley, oats, or rye to qualify for an additional discount due to Scab and/or Vomitoxin. The producer must demonstrate that the wheat, barley, oats, or rye was subject to a discounted price due to scab and/or vomitoxin damage. The two years of insurance and the two years of discounted prices due to scab and/or vomitoxin need not be the same.

1. Reinsured companies must:
 - a. Advise agents to inform producers of the availability of a premium discount for scab. An estimate of the percentage discount will be announced not later than February 15, 1999. The scab premium discount depends upon a proration based on the total amount of eligible producer-paid premium. The actual premium discount percentage will not be known until most acreage reports have been processed.
 - b. Verify the eligibility documentation;
 - c. Maintain the hard copy evidence of eligibility for the scab premium discount;

- d. Apply the appropriate scab premium discount to each eligible policy.
2. Producers must:
- a. Certify that they insured their wheat, barley, oats, or rye for at least two of the crop years during 1994 through 1998;
 - b. Provide evidence of such insurance if a record cannot be found in the files of the reinsured company with which they will insure for 1999;
 - c. Provide hard copy evidence (elevator settlement sheets or similar) that the wheat, barley, oats, or rye they produced was subject to a discount in price due to scab and/or vomitoxin damage during the years 1994 through 1998.
3. RMA will:
- a. Determine the final percentage of discount to apply for scab and/or vomitoxin after qualifying acreage reports have been received from the reinsured companies;
 - b. Provide specific guidance regarding submission of data via updates to Manual-13 following consultation with the industry.

C. Limitations on the Premium Discounts

The total premium discount and scab premium discount made available to any Taxpayer Identification Number cannot exceed \$80,000.

NOTE: The \$2.5 million dollar gross income limitation will NOT apply to the premium discounts.

Uninsured producers may obtain Catastrophic Risk Protection (CAT) during the extended application period to facilitate the linkage requirement, etc. Producers should be reminded that the premium discount incentives do not apply to CAT policies.

D. Application Period to Facilitate the Premium Discounts

- 1. To provide ample time for producers to take advantage of the premium discount, companies may accept applications for new or changed coverage for 1999 crop year (2000 for citrus fruit, Avocados in California, and Macadamia Nuts in Hawaii) for those crops whose original sales closing dates fell on or after July 31, 1998 and on or before February 15, 1999, as follows:

<u>State</u>	<u>Application Deadline</u>	<u>Production/Acreage Reporting Date</u>
AZ, FL, GA, HI, LA, MS, SC	2/28/99	4/15/99*
All other States	3/15/99	4/30/99*

* Exception: For crops with a final planting date on or after December 31, 1998, but before August 15, 1999, the acreage reporting date will be the later of the date shown above or the date specified in the Special Provisions in accordance with Section 6(a)(2) and (3) of the Basic Provisions.

2. Current insureds may not lower their insurance coverage levels or transfer to another insurance provider for crops with an extended application date. Existing insurance policies may not be canceled if the cancellation date has already passed unless changing insurance plans at the same or a higher coverage level (e.g., from APH to CRC, GRIP, or RA etc.).
3. Producers who are presently ineligible for crop insurance coverage due to a delinquent debt will be allowed to satisfy such debt and obtain coverage during the extended application period.

E. Reinsurance Fund Designation

Reinsured companies may designate new policies and policies with changes to coverage, as defined in section D of this bulletin as follows:

1. Original application - A policy written on or before the original sales closing date that did not have a change in coverage level or insurance plan before the revised application deadline, may not be changed.
2. Revised application - A policy written on or before the original sales closing date with an increase in coverage level or a change in the insurance plan occurring before the extended application deadline may be designated to the same fund as the original policy or to a fund with less company risk exposure (i.e., a Commercial fund policy may be designated to the Developmental or Assigned Risk fund or a Developmental fund policy may be designated to the Assigned Risk fund).
3. New application - A new policy written after the original sales closing date and before the extended application deadline may be designated to any fund.

Companies must make fund designations no later than the transaction cutoff date for the week including the 30th calendar day after the revised application deadline. The Assigned Risk fund state allocation limits are waived for the 1999 reinsurance year.

F. Disaster Payment Crop Insurance Requirement

Producers who receive a disaster payment on uninsured crops must purchase a crop insurance policy for their 1999 and 2000 crops of economic significance (2000 and 2001 for citrus, Avocados in California, and Macadamia Nuts in Hawaii). A producer who does not meet this requirement by the original sales closing date or the extended application deadline, may make an application for a Catastrophic Risk Protection (CAT) policy until April 28, 1999. Provisions of Subpart T relating to availability of CAT coverage whenever the producer plants a crop he or she did not intend to plant remain in effect. Companies may designate these CAT policies into any fund. Fund designations, for such policies, must be made no later than May 29th.

G. Insurance Records

There is no need for any producer to request loss records from insurance companies to be eligible for multi-year or single year disaster assistance payments. RMA will automatically provide appropriate data to the Farm Service Agency which will be used in making these determinations. Producers must apply for disaster assistance at their local Farm Service Agency office.

DISPOSAL:

This bulletin is effective until December 31, 1999.

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