



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-99-021

TO: All Reinsured Companies
All Risk Management Field Offices

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 6-22-99
Administrator

SUBJECT: Limited Resource Farmers

ISSUE:

This bulletin is being reissued to all insurance providers to serve as a reminder of the importance of outreach programs to extend marketing and servicing efforts to limited resource, minority, and socially disadvantaged farmers. Reinsured companies and their agents need to be aware of and take appropriate steps to ensure that limited resource farmers are included in the USDA safety net provided by Federally subsidized crop insurance.

BACKGROUND:

When the Federal Crop Insurance Reform Act of 1994 eliminated disaster assistance and the Federal Agricultural Improvement and Reform Act of 1996 eliminated many farm programs, Federally subsidized crop insurance became the primary safety net for most American farmers. To ensure access for all producers to at least the Catastrophic level of risk protection (CAT), the CAT Endorsement and Section 4C(1) of the CAT Handbook provides procedure for waiving the administrative fee for limited resource farmers. A limited resource farmer is a producer with an annual gross income of \$20,000 or less. Producers must certify eligibility for this benefit. The Certification Form can be found in Exhibit 24 of the CAT Handbook.

As a private sector delivery partner of the USDA safety net, reinsured companies and their agents share the responsibility to reach out to limited resource, minority, and socially disadvantaged farmers.



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

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The Economic Research Service (ERS) has issued a report which provides information about limited resource and socially disadvantaged farmers. The USDA definition of a socially disadvantaged group is one whose members have been subjected to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities. Those groups include African Americans, American Indians or Alaskan natives, Hispanics, and Asians or Pacific Islanders.

ERS has added women to the list of socially disadvantaged farm operators. This report may be ordered by calling 1-800-999-6779. Ask for *Characteristics and Risks Management Needs of Limited-Resource and Socially Disadvantaged Farmers* (ERSAIB-733). The cost is \$21 plus shipping and handling. Price is subject to change.

ACTION:

1. All insurance providers should remind their employees and agents of limited resource farmer procedures and of their responsibility to reach out to limited resource, minority and socially disadvantaged farmers.
2. Insurance providers are encouraged to make their agents aware of the availability and content of the ERS report mentioned above.