



**United States Department of Agriculture**

Farm and Foreign Agricultural Services  
Risk Management Agency

**BULLETIN NO.: MGR-01-018**

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

**FROM:** Phyllis W. Honor /s/ E. Heyward Baker 6/22/01  
Acting Administrator

**SUBJECT:** Revenue Assurance (RA) Partial Payment of Losses

**ISSUE:**

The Risk Management Agency (RMA) received a request from American Farm Bureau Insurance Services to allow a liberalization of the RA policy so “preliminary” prevented planting or indemnity payments for RA losses may be made before the fall harvest price is released. This request was taken to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) for consideration.

**BACKGROUND:**

On June 22, 2001, the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) held an emergency Board telephone conference meeting and approved the request to liberalize the RA policy for the 2001 crop year.

The FCIC Board has determined that making preliminary prevented planting payments under the RA policy will not result in any overpayment to producers. In addition, making preliminary indemnity payments for crop losses under the RA policy will not result in overpayment to producers in the following cases:

1. Total crop loss (no production to count) when either the projected or fall harvest price is chosen.



1400 Independence Ave., SW • Stop 0801 • Washington, DC 20250-0801

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

An Equal Opportunity Employer

2. Partial crop loss **only** if the producer has purchased the Fall Harvest Price Option (HPO).

When preliminary prevented planting or indemnity payments for crop losses are made before the fall harvest price is released, indemnities may need to be recalculated following the release of the fall harvest price. While this process may increase the workload of approved insurance providers, it assists agricultural producers by providing indemnity payments as soon as possible following crop loss.

**ACTION:**

Based on the Board's action to liberalize the RA policy for the 2001 crop year to allow for such payments, this bulletin supersedes Informational Memorandum R&D-01-025. Pursuant to Section 6, Liberalization, of the RA Basic Provisions, an approved insurance provider may choose to make preliminary prevented planting or indemnity payments as described above. (Production to count for preliminary indemnity payments will be valued at the projected harvest price and, following the release of the fall harvest price, may be recalculated at the fall harvest price as specified in the policy.) Preliminary indemnity payments may not be made for partial crop losses **if** the fall harvest price option (HPO) was not purchased, because the valuation of the production to count could lead to overpayment situations.

**DISPOSAL DATE:**

This bulletin is effective until the disposal date of December 31, 2001.