



United States
Department of
Agriculture

Risk
Management
Agency

1400 Independence
Avenue, SW
Stop 0801
Washington, DC
20250-0801

BULLETIN NO: MGR-09-007

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: William J. Murphy /s/ *William J. Murphy* 9/30/2009
Administrator

SUBJECT: 2009 Financial Assistance Program (FAP) for Producers in Targeted States

BACKGROUND:

Section 524(b), Agricultural Management Assistance, of the Federal Crop Insurance Act (the Act) states that the Secretary shall provide financial assistance to producers in the States of--Connecticut, Delaware, Hawaii, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming. Pursuant to section 524(b) of the Act, funding will be made available by the Commodity Credit Corporation (CCC).

ACTION:

1. Financial Assistance Program (FAP) funding will continue to be provided to producers who purchased buy-up insurance policies (except as excluded in paragraph 2) for the 2009 crop year in the above identified states if the acreage reporting dates or inventory value reports are dated prior to September 30, 2009.
2. Policies not eligible for financial assistance include all catastrophic risk protection (CAT) policies and those insured under the Livestock Risk Protection (LRP) and Livestock Gross Margin (LGM) plans of insurance.
3. The Risk Management Agency (RMA) will provide a fixed premium reduction of \$150 for eligible producers. If the total producer-paid premium is less than \$150, the amount of premium reduction will be capped at 100 percent of the producer-paid premium for the crop policy.
4. No portion of any administrative fee will be paid under the FAP.
5. RMA has \$3.5 million available for this initiative. If participation in the FAP results in total expenditures that exceed this amount, RMA will determine a "pro-ration factor" to bring the aggregated financial assistance to an amount equal to or below the \$3.5 million appropriation. Approved Insurance Providers (AIPs) will be required to utilize the "pro-ration factor" to determine accurate amounts of financial assistance to be

The Risk Management Agency Administers
And Oversees All Programs Authorized
The Federal Crop Insurance Corporation



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submitted through RMA's Data Acceptance System or eDAS System for validation and reimbursement purposes. If the "pro-ration factor," when applied, results in underpayment of premium by insureds, the AIPs will be responsible for collection of any underpaid premium from the insured entity. AIPs will reduce the amount of financial assistance using the "pro-ration factor" for all eligible producers and reflect the correct amount of financial assistance in the producers' billing statements or revised billing statements (if applicable).

6. No additional application is necessary to qualify for the FAP. Financial assistance will be applied automatically to all policies which meet the eligibility criteria outlined in this bulletin, including those policies insured by written agreement, not to exceed the \$3.5 million appropriation.
7. For billing purposes, AIPs will either deduct the amount of financial assistance from the producer premium on the billing statement, or note on the billing statement that the producer premium will be subject to a refund based on the final amount of financial assistance provided. In the event that participation results in the projected total expenditures for financial assistance exceeding the \$3.5 million appropriation, it will be reduced on a pro-ration basis as outlined in Item number 5 above.
8. In order to determine expenditures timely and accurately, AIPs should submit all information through the Data Acceptance System (DAS) or eDAS for record types 11 and 13 by the latter of the following deadlines: a) Within 30 days after the applicable acreage reporting date or; b) Within 30 days after issuance of this bulletin. Further processing requirements and information on the timing and application of FAP is included in Appendix III.
9. Section 524(b)(3) of the Act provides that the total amount of payments made to a person (as defined in Section 1001(5) of the Food Security Act (7 U.S.C. 1308(5))) (before the amendment made by section 1703(a) of the Food, Conservation, and Energy Act of 2008) under this subsection for any year may not exceed \$50,000. RMA will coordinate with other USDA agencies as necessary to apply this limitation.

DISPOSAL DATE:

This bulletin may be disposed of after December 31, 2009.