



United States
Department of
Agriculture

BULLETIN NO.: MGR-09-009

Risk
Management
Agency

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

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FROM: William J. Murphy /s/ *Tim B. Witt for* 10-28-2009
Administrator

SUBJECT: Revenue Assurance: Calculation of Enterprise Unit Discount; and
Revenue Assurance and Crop Revenue Coverage: Notice of Loss and
Submission of Claim Requirements for Revenue Loss

BACKGROUND:

Interest in enterprise units (EUs) has increased because of the higher EU premium subsidy rates provided by the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill). The Risk Management Agency (RMA) has received requests to clarify the EU discount calculation under the Revenue Assurance (RA) plan of insurance. The RA EU discount is based on the ‘number of sections’ containing planted acreage of the insured crop and the amount of the premium discount depends on the number of different sections, section equivalents, or Farm Serial Numbers (FSNs) in which the insured RA crop is planted. The discount is applied to a minimum of two sections, section equivalents, or FSNs and increases up to a maximum of 10 sections, section equivalents, or FSNs.

The current RA and Crop Revenue Coverage (CRC) Basic Provisions and procedures each require that notice of revenue loss be provided not later than 45 days after release of the fall harvest price for RA or the harvest price for CRC (hereafter final price). Further, these policies specify that a claim for indemnity must be submitted not later than 60 days after release of the final price unless the producer requests an extension in writing and the Approved Insurance Provider (AIP) agrees to such request. If the producer has farm-stored production they may also elect, in writing, to delay measurement of the farm-stored production.

RMA has been advised there are areas in the country where producers may still be harvesting the crop more than 45 or 60 days after release of the final price. In these situations, producers may not have sufficient information to timely determine whether they have a revenue loss and therefore be unable to comply with the notice of revenue loss and submission of claim provisions of the RA and CRC policies.

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And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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ACTION:

This EU clarification supersedes any Underwriting Rules or Questions and Answers on RMA's Web site.

(1) Calculation of RA Enterprise Unit Discount Effective for the 2010 Crop Year

Effective for the 2010 crop year, use the method below, that is consistent with the method used to qualify for the EU, to determine the 'number of sections' for the EU discount:

1. Count the number of sections in which the producer has planted acreage of the insured crop; or
2. Count the number of section equivalents in which the producer has planted acreage of the insured crop (section equivalents determined in accordance with FCIC approved procedures). If a Unit Division Option (UDO) is in effect, the number of section equivalents will be the number of section equivalents established under the UDO; or
3. Count the number of FSNs in which the producer has planted acreage of the insured crop.

Use the applicable number from items 1-3 above. RMA recognizes in certain unique situations a producer may have a section, section equivalent or FSN that contains more than 640 acres. In these situations, AIPs may determine the 'number of sections' for EU discount purposes by dividing the total acreage of the insured crop in such section, section equivalent or FSN, by 640 and rounding the result up to the next whole number (e.g., a FSN contains 800 acres and $800 \div 640 = 1.25$ which rounds to 2).

The number derived from the above should be submitted by the AIP to RMA as the 'number of sections' count for RA (Appendix III Exhibit 11 (acreage record) field 75 'number of sections'). It must be a number ranging from 2-10.

(2) Revenue Assurance and Crop Revenue Coverage Notice of Revenue Loss and Submission of Claim for the 2009 and Succeeding Crop Years

While FCIC does not have the authority to waive or alter any provision of the policy, FCIC has traditionally recognized that impossibility can be a defense to non-performance of a provision of the contract. However, it is the producer's burden to prove that it was impossible to comply with the notice or submission of claim provisions. Because circumstances will be different for each producer, such determination of impossibility must be made on a case-by-case basis by the AIP as to whether a late notice and delayed submission of claim for an indemnity can be accepted and such claims may be paid.

Any 2009 losses that have been denied solely due to these circumstances may also be re-considered by the AIP.

DISPOSAL DATE:

This bulletin is for the purpose of transmitting/updating information and the disposal date is July 31, 2010.