



United States  
Department of  
Agriculture

Farm and Foreign  
Agricultural  
Services

Risk  
Management  
Agency

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**BULLETIN NO.: MGR-12-006**

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

**FROM:** William J. Murphy /s/ *William J. Murphy* 5/9/2012  
Administrator

**SUBJECT:** 2012 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.

**ACTION:**

1. Financial Assistance Program (FAP) funding will be provided to producers in the above identified States who purchase buy-up insurance policies (except as excluded in paragraph 2) for the 2012 crop year with acreage reporting or inventory value reporting dates prior to September 30, 2012.
2. Policies not eligible for financial assistance include all catastrophic risk protection policies, and any policies or endorsements insured under the Livestock Risk Protection and Livestock Gross Margin plans of insurance.
3. The Risk Management Agency (RMA) will provide a fixed premium reduction of \$225.00 per crop policy for eligible producers. If the total producer-paid premium per crop policy is less than \$225.00, the amount of premium reduction will be capped at 100 percent of producer-paid premium for the crop policy.



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

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4. No portion of any administrative fee will be paid under the FAP.
5. RMA is making \$5.5 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 reduce the aggregated financial assistance to an amount equal to or below the \$5.5 million appropriation. Approved Insurance Providers (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). 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 be required to utilize the pro-ration factor to determine accurate amounts of financial assistance to be submitted through RMA's Policy Acceptance Storage System (PASS) or eDAS System for validation and reimbursement purposes.
6. 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.
7. No additional application is necessary to qualify for the FAP. Financial assistance will be applied automatically to all applicable crop policies which meet the eligibility criteria outlined in this bulletin, including those policies insured by written agreement, not to exceed the \$5.5 million appropriation.
8. 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 \$5.5 million appropriation, it will be reduced on a pro-ration basis as outlined in Item No. 5 above.
9. In order to determine expenditures timely and accurately, AIPs should submit all information through the PASS or eDAS systems regarding premium 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.
10. At the December accounting cutoff prior to the Annual Settlement, RMA will establish an amount billable (to FSA for the FAP and to applicable state governments for any State subsidies). These billable amounts per AIP become the maximum amount that can be paid to the AIP for the applicable category.
  - a) RMA aggregates all AIP billable amounts to determine the total amount billed to the respective funding entity. RMA bills each funding entity as soon as feasibly possible.
  - b) If a pro-ration process is required due to insufficient funds availability from the funding entity, then:

- i. RMA will determine the pro-ration factor;
- ii. RMA will calculate correct amounts based on these pro-ration factors and;
- iii. RMA will notify AIPs as to the pro-ration factor to be utilized in each situation.

AIPs must submit to RMA by October 31, 2012, a list of all policies receiving financial assistance for which Appendix III information was not accepted by PASS or by eDAS prior to the October accounting cut-off date (October 12, 2012). This list in spreadsheet format must contain the following: AIP Code, State Code, Crop Year, County Code, Policy Number, Plan of Insurance, Crop Code, Coverage Level, and the amount of financial assistance for each crop policy. Please submit this list electronically in Microsoft Excel format to Lee Z. Ziegler, Economist, Reinsurance Services Division, at [lee.ziegler@rma.usda.gov](mailto:lee.ziegler@rma.usda.gov).

AIPs can refer to Appendix III for instructions regarding processing and reimbursement.

**DISPOSAL DATE:**

December 31, 2013.