



United States  
Department of  
Agriculture

Farm and Foreign  
Agricultural  
Services

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Management  
Agency

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**BULLETIN NO.: MGR-12-007**

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

**FROM:** William J. Murphy /s/ *William J. Murphy* 7/23/2012  
Administrator

**SUBJECT:** Emergency Drought Relief – Deferral of Interest Charges on Spring Crop  
Insurance Premiums

**BACKGROUND:**

Farmers and ranchers are struggling through widespread severe drought conditions in many parts of the nation, causing catastrophic damage to crops. Concerns have been expressed about the requirement to pay spring crop insurance premiums timely to avoid accrual of interest because some farmers and ranchers will not yet have received their crop insurance indemnity following this year's widespread, significant crop losses. The 2008 Farm Bill moved up the time for producers to pay their premium, and 2012 is the first year this change is effective.

Section 24 of the Common Crop Insurance Policy, Basic Provisions, and the Special Provisions provides that interest will accrue starting the first day of the month following issuance of the notice of premium due by the Approved Insurance Provider (AIP), provided that a minimum of 30 days have passed from the premium billing date. To assist policyholders impacted by the severe drought conditions, RMA is allowing AIPs to defer interest accrual for 30 days.

**ACTION:**

For the 2012 crop year only, accrual of any interest on unpaid spring crop insurance premium is deferred for 30 days, until November 1, for all policies with a premium billing date of August 15, 2012. For any premium that is not paid by October 31, interest will accrue consistent with the terms of the policy. For example, without this change, policies with an August 15 premium billing date would have interest attach starting October 1 if premium was not paid by September 30. However, under this change, policies that do not have the premium paid by October 31 will have interest attach on November 1 calculated from the date of the premium billing notice. AIPs should promptly notify potentially affected policyholders of said relief.



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

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To assist the AIPs and provide relief from the requirements of the Standard Reinsurance Agreement that all uncollected premium be paid to the Federal Crop Insurance Corporation (FCIC), RMA will also defer collection of any unpaid producer premium from the AIPs, without interest, until October 31. The October monthly settlement report will be the basis for determining premium due the FCIC from the AIP. Interest will then begin to attach according with the terms of the Standard Reinsurance Agreement.

This Bulletin does not alter or change the Premium Billing Date as specified in the Special Provisions.

**DISPOSAL DATE:**

December 31, 2012