



United States  
Department of  
Agriculture

**BULLETIN NO.: MGR-12-011**

Farm and Foreign  
Agricultural  
Services

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

Risk  
Management  
Agency

**FROM:** William J. Murphy /s/ *William J. Murphy* 8/20/2012  
Administrator

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**SUBJECT:** New Producer Verification

**BACKGROUND:**

The Standard Reinsurance Agreement (SRA) between the Risk Management Agency (RMA) and Approved Insurance Providers (AIPs) in Section IV (f)(1) requires AIPs to verify yields and other information used to establish insurance guarantees and indemnity payments in accordance with the regulations and Federal Crop Insurance Corporation (FCIC) procedures. The FCIC 18010 Crop Insurance Handbook (CIH) provides that a New Producer is a person who has not been actively engaged in farming for a share of the production of the insured crop in the county for more than two Actual Production History (APH) crop years. The CIH in Section 15E(2) further provides instructions for AIPs to determine whether an insured is a New Producer, instructions for calculating the appropriate approved APH yield, and verification requirements of the New Producer Status. Specifically, the policyholder must certify on the production report that he/she has not produced the crop for more than 2 years prior to the production reporting date and AIPs must verify New Producer status prior to payment of a claim for indemnity and for policies selected for APH reviews.

A recent Office of Inspector General (OIG) audit found that improvements can be made in the proper identification of policyholders who do not qualify as New Producers by better using existing information available in both RMA and Farm Service Agency (FSA) records. The audit further provided that although RMA's data edits assist in identification of ineligible New Producers and could be enhanced, these were insufficient as a sole control over eligibility and further oversight was warranted.



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

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**ACTION:**

- 1) Effective immediately, AIPs must:
  - a) Verify New Producer status when APH database(s) are established using available RMA system resources such as the Comprehensive Information Management System (CIMS) and the Policyholder Tracking System (PHTS). PHTS provides 5 years of RMA policy data, including the ten year APH database, and CIMS provides up to 5 years of FSA acreage records.

When warranted, AIPs may use additional means to validate New Producer status, such as paper copies of documents from FSA to verify the crop has not been produced outside of the years of history available in CIMS and PHTS.
  - b) Maintain documentation in the insured's file substantiating the determination that an insured qualifies for New Producer status. Supporting documentation may include underwriting verification from available RMA system resources, CIMS or records from the county FSA office.
- 2) For any policy where it is determined the insured does not qualify as a New Producer, AIPs must remove the New Producer status, correct and reprocess the APH records, revise and reprocess the acreage report and claim for indemnity, as applicable.

**DISPOSAL DATE:**

December 31, 2013.