



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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BULLETIN NO.: MGR-14-024

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

FROM: Brandon C. Willis /s/ *Brandon Willis* 11/26/2014
Administrator

SUBJECT: Tobacco County Definition for the 2015 Crop Year

BACKGROUND:

Tobacco Special Provision (SP) statements have authorized insurance to attach to the county where the Farm Service Agency (FSA) Farm Number (FN) is administered, even though, the administrative county may not be the county where the insured acreage is physically located. These SP statements provided that in lieu of the definition of county in the Common Crop Insurance Policy Basic Provisions (CCIP), county is defined as any county, parish, or other political subdivision of a state shown on your accepted application, including any land identified by a single FSA farm number for such county but physically located in another county. The CCIP defines county as any county, parish, or other political subdivision of a state shown on the accepted application, including acreage in a field that extends into an adjoining county if the county boundary is not readily discernible.

The Risk Management Agency (RMA) has become aware that in some circumstances tobacco growers transferred their policy from the physical county where the acreage was located, to another county by changing their FSA administrative county designation, often with the intent to obtain a lower premium rate resulting in potential program vulnerabilities.

ACTION:

Effective for the 2015 and subsequent crop years, the SP statement as discussed above has been removed from the actuarial documents and the definition of county specified in the CCIP will apply. As a result, the procedures in the 2015 CIH Paragraph 703 are not applicable. Approved insurance providers (AIPs) must advise their tobacco insureds of these policy changes and any tobacco insured whose policy has been written in a county other than where the acreage is physically located must complete a new application or policy change form to insure the acreage in the county where the acreage is physically located for the 2015 crop year.

For example, a FN physically located in County A but insured as County B (FSA administrative county) must be insured in County A.

If an existing policy provides coverage for multiple counties because the FN spans multiple counties which are administered under a single FSA administrative county, then a policy must be established in 2015 for each county where the acreage is physically located.

Example: A single FN with acreage physically located in Counties A, B and C is administered by FSA and was previously insured in County B. In 2015, the insured must complete an application for coverage in County A and County C. A new application/policy change form is not required for County B; however, only acreage physically located in County B can be insured on the County B policy.

Additionally, when acreage physically located in multiple counties was insured in the FSA administrative county under one policy and contained a single Basic Unit (BU), a BU must be established within each county that has a crop policy in effect for the 2015 crop year, in accordance with the 2015 Crop Insurance Handbook (CIH) Paragraph 787A.

DISPOSAL DATE:

Until incorporated into the applicable RMA approved procedures.