



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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BULLETIN NO.: MGR-15-005

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

FROM: Brandon C. Willis /s/ *Brandon Willis* 7/29/2015
Administrator

SUBJECT: 2015 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. FAP funding will be provided to producers in the above identified States who purchase Federal reinsured crop insurance policies at additional coverage levels (except as excluded in paragraph 2) for the 2015 crop year with acreage reporting or inventory value reporting dates prior to September 30, 2015.
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 \$150.00 per crop policy for eligible producers. If the total producer-paid premium per crop policy is less than \$150.00, the amount of premium reduction will be capped at 100 percent of producer-paid premium for the crop policy.
4. No portion of any administrative fee will be paid under the FAP.

5. RMA is making \$3,708,000 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 \$3,708,000 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 collect any underpaid premium from the insured entity. AIPs must use 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. Section 531(h)(3) of the Act states that section 1001D of the Food Security Act of 1985 (7 U.S.C. 1308-3a) or any successor provision shall apply with respect to assistance provided under this section. This section provides that a person or legal entity shall not be eligible to receive any benefit during a crop year if the average adjusted gross income of the person or legal entity exceeds \$900,000.
8. 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 \$3,708,000 appropriation.
9. 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.
10. In order to determine expenditures timely and accurately, AIPs should submit all information through the PASS or eDAS systems 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.

11. At the December accounting cutoff prior to 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.
- a) RMA aggregates all AIP billable amounts to determine the total amount billed to FSA or any state government. RMA bills each as soon as feasibly possible.
 - b) If a pro-ration process is required, 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.
 - c) RMA will credit the AIPs' Monthly Accounting Report at annual settlement in October following the reinsurance year.

AIPs must submit to RMA by October 31, 2015, 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 9, 2015). This list 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 Rick Posey, Account Executive Reinsurance Services Division, at rickie.posey@rma.usda.gov.

DISPOSAL DATE:

December 31, 2015