



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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December 31, 2015

INFORMATIONAL MEMORANDUM: PM-15-064

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

FROM: Tim B. Witt /s/ Jason A. Albright, for.
Deputy Administrator

SUBJECT: Conservation Compliance Statement D - Producers who Began Farming for the First Time after June 1.

BACKGROUND:

Section 2611 of the Agricultural Act of 2014 (2014 Farm Bill), enacted on February 7, 2014, links eligibility for Federal crop insurance premium subsidy paid by the Federal Crop Insurance Corporation (FCIC) to the Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) compliance provisions of the Food Security Act of 1985. For the 2016 reinsurance year, producers were required to have a completed and signed form AD-1026 on file with the Farm Service Agency (FSA) on or before June 1, 2015. Failure to file an AD-1026 by this deadline results in loss of eligibility for premium subsidy for the 2016 reinsurance year, unless an exemption applies. One such exemption is if the producer began farming for the first time after June 1.

Risk Management Agency (RMA) previously released PM-15-032 containing Conservation Compliance procedures that provide guidelines for documenting that a producer qualifies for the "began farming for the first time after June 1" exemption. The procedures contain three certification statements (labeled A, B, and C) producers can sign to document qualification for this exemption. Situations have arisen suggesting these exemption statements may not address certain individuals who should be considered to have begun farming for the first time after June 1, and had no reason to file an AD-1026 by June 1, 2015. These include individuals who were listed as a Substantial Beneficial Interest holder (SBI) on a policy, but were not considered an affiliated person required to file an AD-1026 by FSA on or prior to June 1. Some common examples include: (1) a widow/widower following the death of a previously insured spouse holding a spousal policy; (2) a former member of a previously insured non-individual entity such as a trust, estate, etc., following the entity's dissolution; and (3) an individual, who was formerly an SBI on another policy, following the initial acquisition of land via purchase, non-spousal inheritance, etc.

ACTION:

RMA is adding “Statement D” that applies to an individual (including a spouse) who may or may not have been part of another legal entity engaged in farming prior to July 1 proceeding the applicable reinsurance year, who was an SBI to a policyholder subject to the HELC or WC provisions, but who was not required to complete an AD-1026 by FSA as an affiliated person on or prior to June 1. Individuals who qualify for Statement D who have an active policy during the 2016 reinsurance year at the issuance of this memorandum, can complete and sign this statement prior to June 1, 2016, to maintain eligibility for premium subsidy on such policies for the 2016 reinsurance year.

The statement is as follows:

Statement D

“By signing below, I certify that:

- (1) I (name of individual), hereafter referred to as the policyholder, began farming as an individual for the first time on (month and day), 20__ ;*
- (2) The policyholder has, or has previously held, a substantial beneficial interest, as defined in 7 CFR Part 400, in a person who was subject to the HELC or WC provisions prior to the date contained in paragraph (1), but was not previously required to sign form AD-1026;*
- (3) The policyholder has not participated in the Federal crop insurance program as a primary insured in the 2015 reinsurance year, or subsequent reinsurance years as applicable, prior to signing this certification;*
- (4) The policyholder has not received notification from the Risk Management Agency or the Farm Service Agency that form AD-1026 may not be on file with USDA certifying compliance with the highly erodible land conservation HELC and WC provisions;*
- (5) The policyholder understands the Risk Management Agency and the Farm Service Agency may review historical records to determine prior participation in any USDA program or prior interest in any land, crop or person that was subject to the HELC or WC provisions;*
- (6) The policyholder understands that if this certification is determined to be false, the policyholder will be subject to sanctions under the policy, including but not limited to voidance of the policy, and the policyholder may be subject to criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable Federal statutes).”*

DISPOSAL DATE:

July 1, 2016, or until incorporated into the applicable procedures.