



**United States  
Department of  
Agriculture**



**Federal Crop  
Insurance  
Corporation**

**FCIC 24050**

# **INELIGIBLE TRACKING SYSTEM HANDBOOK**

**2015 and Succeeding Crop  
Years**

**UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250**

<b>TITLE: INELIGIBLE TRACKING SYSTEM HANDBOOK</b>	<b>NUMBER: FCIC-24050</b>
<b>EFFECTIVE DATE: 2015 and succeeding crop years for all crops with a contract change date after February 13, 2014</b>	<b>ISSUE DATE: January 15, 2014</b>
<b>SUBJECT:</b>  <b>Provides the procedures and instructions for the Ineligible Tracking System and identifying and notifying ineligible persons.</b>	<b>OPI: Product Administration and Standards Division</b>
	<b>APPROVED:</b>  /s/ <b>Tim B. Witt</b>  <b>Deputy Administrator for Product Management</b>

**REASONS FOR ISSUANCE**

This handbook is being amended to:

- (1) comply with the RMA External Handbooks Standards (RMA-14050);
- (2) comply with the Plain Writing Act of 2010; and
- (3) provide procedure, instructions, and example notification letters consistent with the amended regulations at 7 CFR Part 400, Subpart U published in the Federal Register on January 13, 2014.

Changes to comply with RMA handbook standards and the Plain Writing Act of 2010 are not highlighted. Only significant changes, as determined by RMA, in procedure and instructions resulting from the amended regulations at 7 CFR Part 400, Subpart U, are highlighted.

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# PART 1 GENERAL INFORMATION AND RESPONSIBILITIES

## 1 General information

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### A. Purpose and Objective

This handbook provides procedures and instructions for:

- (1) administering the ITS; and
- (2) identifying and notifying ineligible persons.

The ITS contains identifying information of ineligible persons, including but not limited to, reason for ineligibility and time period of ineligibility. RMA maintains the ITS to aid AIPs, partners, cooperators, and contractors in identifying ineligible persons.

The ITS may not include all ineligible persons, such as but not limited to, persons debarred, disqualified or suspended from receiving government benefits by an agency other than RMA. Whether or not a person is identified in ITS does not change the eligibility status of the person. The ITS is a tool to aid in identifying ineligible persons; however, AIPs, partners, cooperators, and contractors must ensure the persons with whom they are doing business are eligible to participate in the programs authorized by the Act.

Other sources, including but not limited to EPLS, or successor list, provide data on persons ineligible to participate in programs authorized by the Act.

### B. Source of Authority

Sources of authority include, but are not limited to, the:

- (1) Act;
- (2) Food Security Act of 1985, as amended;
- (3) Personal Responsibility and Work Opportunity Reconciliation Act of 1996;
- (4) Title 21 U.S.C., Chapter 13; and
- (5) 7 CFR Part 400.

### C. Related Handbooks

The following table provides handbooks related to this handbook.

Handbook	Relation/Purpose
Appendix III	Provides the ITS requirements for PASS processing.

### D. Applicability

The procedures in this handbook apply for the 2015 and succeeding crop years for all crops with a contract change date after February 13, 2014.

### A. AIP Responsibilities

AIPs must:

- (1) verify the eligibility status of applicants and insureds;
- (2) maintain security of data files, records, and reports according to the Privacy Act and 7 CFR Part 400, Subpart Q;
- (3) notify applicable RMA Regional Compliance Office of **known or** suspected cases of:
  - (a) violations of the controlled substance provisions of the Food Security Act of 1985 or Title 21 U.S.C., Chapter 13; or
  - (b) fraud, misrepresentation, or use of a material scheme or device relating to a Federal crop insurance program or policy;
- (4) provide written notice of debt to the person according to paragraph 22;
- (5) ensure all requirements according to subparagraph 22A are met before certifying a debtor to ITS;
- (6) maintain supporting documentation regarding a determination of delinquent debt and its resolution according to paragraph 3;
- (7) upon request, send **RAETB** documentation and evidence of the person's delinquent debt and notification of such debt, including but not limited to:
  - (a) applications;
  - (b) acreage reports;
  - (c) claims;
  - (d) correspondence;
  - (e) billing statements;
  - (f) pre-termination letters and responses to such;
  - (g) demand letters and responses to such; and
  - (h) notice of debt;
- (8) transmit a Type 60 Record, or Type 60 and Type 65 if applicable, to RMA certifying a debtor for affected persons, including all SBI holders for general partnerships and joint ventures;

**Note:** See paragraph 12 for procedure regarding transmission of data.

**A. AIP Responsibilities (continued)**

- (9) delete incorrect Type 60 Record within seven days of initial transmission; and

**Note:** See paragraph 13 for procedure regarding deleting CAT Type 60 or Type 65 Records, and for deleting records after seven days of transmission.

- (10) transmit a Type 49 Record deleting any insured data submitted prior to a determination of ineligibility effective for the current crop year.

**B. PAAD Responsibilities**

PAAD will:

- (1) develop, test, and maintain the record descriptors, database, and data processing requirements and programming for ITS;
- (2) assure proper security is maintained for access to ITS;
- (3) generate, review, and distribute Notices of Ineligibility;
- (4) contact AIP for documentation whenever a person files a request for an appeal relating to being placed on ITS;
- (5) update ITS with appropriate data indicating eligible or ineligible status at the completion of an appeal;
- (6) provide a Notice of Debt to FCIC debtors and certify ITS records for FCIC debtors;
- (9) provide a Notice of Ineligibility to persons disqualified, debarred, suspended or convicted of controlled substance violations;
- (10) process eligibility reinstatements and, when applicable, delete AIP ITS records per written request submitted to FOAB for additional coverage policies after the seven-day period, and for all CAT Type 60/65 Record delete requests;
- (11) maintain ITS records for FCIC debtors, persons disqualified, debarred, suspended or convicted of controlled substance violations;
- (12) maintain AIP records which are requested by RMA and submitted as documentation and evidence of delinquent debt as related to Notice of Ineligibility;
- (13) prepare reports as requested;

## **2 Responsibilities (Continued)**

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### **B. PAAD Responsibilities (continued)**

- (14) modify or define ITS requirements for PASS processing that will be specified in Appendix III;
- (15) provide assistance to AIPs, RMA offices, and others, as needed;
- (16) transmit ineligible producer file Type 61 records to AIPs;
- (17) respond to inquiries regarding ITS errors;
- (18) reject PASS records that are identified as ineligible;
- (19) amend Appendix III, as appropriate; and
- (20) review AIP's operations to determine compliance with the provisions of Subpart U and this handbook as part of the financial review process.

### **C. PASD Responsibilities**

PASD will:

- (1) assure ITS is properly defined in the System of Records;
- (2) revise 7 CFR Part 400, Subpart U, as appropriate;
- (3) update this handbook, as appropriate;
- (4) represent RMA in NAD hearings; and
- (5) provide assistance regarding 7 CFR Part 400, Subpart U and this handbook.

### **D. RMA Regional Compliance Office's Responsibilities**

RMA Regional Compliance Offices will notify appropriate authorities, including FSA, of known or suspected cases of:

- (1) violations of the controlled substance provisions of the Food Security Act of 1985 or Title 21 U.S.C., Chapter 13; or
- (2) fraud, misrepresentation, or use of a material scheme or device relating to a Federal crop insurance program or policy.

## **3 Maintaining Supporting Documentation**

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AIPs must maintain supporting documentation regarding a determination of delinquent debt and its resolution for a period of three years after the resolution of the debt. Supporting documentation must be maintained indefinitely if a delinquent debt is not resolved, such as the debt never being satisfied or discharged through bankruptcy.

### **4-10 (Reserved)**

## PART 2 ITS, REPORTING, ADMINISTRATION, AND MAINTENANCE

### 11 ITS

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The ITS is a system designed to identify producers who are ineligible to participate in any program administered by RMA under the Act, including CAT and additional coverage programs, and private insurance products authorized under the Act and reinsured by FCIC.

A person will be placed on ITS for any delinquent debt as of termination date, or any other applicable due date, and may be removed pending the outcome of any dispute resolution. Affected persons will be provided an opportunity to contest and resolve a delinquent debt, or to contest the findings of an administrative proceeding, before a determination of ineligibility will be made by the AIP. Options to contest and resolve a delinquent debt may include, depending on the policy, mediation, arbitration, judicial review, or appeal to NAD. See subparagraph 22B for procedure regarding dispute resolutions before certifying a person ineligible.

Persons debarred or suspended by FCIC and persons convicted of controlled substance violations will also be placed on ITS.

All persons applying for or renewing policies for programs administered by FCIC under the Act will be subject to validation of their eligibility status using ITS. Applications or benefits approved and accepted are considered approved or accepted subject to review of eligibility status.

### 12 Transmitting Records to ITS

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AIP must transmit a Type 60 Record, or Type 60 and 65 Record if applicable, to ITS certifying a debtor for all affected persons, including all SBI holders. SBI holders include, but are not limited to, spouses, minors, and members and partners of general partnerships, joint ventures, limited partnerships, limited liability partnerships, and limited liability companies.

A revocable trust and the grantor of such trust are considered to be the same person for crop insurance purposes.

Ineligible transferees and transferors under transfer of right to indemnity are both transmitted and certified in the same manner as other policy debtors.

The records must be transmitted not later than 21 days after the applicable ineligibility date, or not later than 21 days of failure to make payments under a written payment agreement. See subparagraph 41B for applicable ineligibility date. **FAILURE TO TIMELY CERTIFY DEBTORS ACCORDING TO THESE PROCEDURES MAY RESULT IN A DELAY IN DENYING PROGRAM BENEFITS TO THE PERSON.**

If the date of ineligibility falls on a Saturday, Sunday, or Federal holiday, the next business day will apply for determining the record submission deadline. If the resulting 21<sup>st</sup> calendar day also falls on a Saturday, Sunday, or Federal holiday, the next business day will be the deadline.

## **12 Transmitting Records to ITS (Continued)**

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The Type 60 Record will be used to:

- (1) initially establish ineligibility;
- (2) reestablish eligibility; and
- (3) reestablish ineligibility.

See part 4 for more information about written payment agreements.

**Important:** Type 60 Records must be submitted to ITS not later than 21 days after the date of a resolution of the delinquent debt, notification of dismissal of a bankruptcy for cause, or failure to make payments under a written payment agreement.

When a specific time limit is set for ineligibility, such as for a controlled substance violation, ITS will automatically restore eligibility at the end of the time limit.

## **13 Deleting Incorrect Records**

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AIP must delete any incorrect Type 60 Record within seven days of initial transmission. Any deletions required after seven days must be submitted with documentation to PAAD. Requests to delete CAT Type 60 or 65 records must be submitted to PAAD with appropriate documentation.

### **14-20 (Reserved)**

## PART 3 INELIGIBILITY CRITERIA, NOTIFICATION, AND CERTIFYING TO RMA

### 21 Criteria for Ineligibility

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#### A. Ineligibility Criteria

A person is ineligible to participate in any program administered under the Act if the person:

- (1) has a delinquent debt according to subparagraph 21B;
- (2) is an individual that has been convicted of a controlled substance violation according to subparagraph 21C;
- (3) has been disqualified, debarred, or suspended according to subparagraph 21D;
- (4) is an individual and is not a United States citizen, United States non-citizen national, or a qualified alien, see subparagraph 21E;
- (5) has been convicted of a felony for knowingly defrauding the United States in connection with any program administered by USDA; or
- (6) has been debarred for knowingly doing business with a person debarred or suspended under 2 CFR Part 180 or 2 CFR Part 417, or successor regulations.

#### B. Delinquent Debt

A delinquent debt is a debt that is not satisfied on or before the date of delinquency, such as the termination date, due date contained in a written payment agreement, or due date specified in the notice to the person of the amount due. See exhibit 2 for a definition of date of delinquency, debt, and delinquent debt.

The existence and delinquency of the debt must be verifiable. A delinquent debt does not include:

- (1) CAT administrative fees through the 1998 crop year for all crops, except:
  - (a) raisins for the 1997 and prior crop years; and
  - (b) Arizona, California, and Texas citrus for the 1999 and prior crop years;
- (2) debts discharged in bankruptcy; or
- (3) any debt to an AIP's agent.

## 21 Criteria for Ineligibility Continued)

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### C. **Controlled Substance**

An individual convicted under Federal or State law of:

- (1) planting, cultivating, growing, producing, harvesting, or storing a controlled substance is ineligible to participate in any program administered under the Act; or
- (2) possession of or trafficking in a controlled substance may, as determined by the court, be ineligible to participate in any program administered under the Act.

See exhibit 2 for definition of controlled substance.

### D. **Disqualification, Debarment, or Suspension**

A person that has been disqualified under section 515(h) of the Act, or has been debarred or suspended under 7 CFR Part 400, Subpart R, 2 CFR Part 180 or 2 CFR Part 417, or successor regulations, is ineligible to participate in any program administered under the Act.

### E. **Personal Responsibility and Work Opportunity Reconciliation Act of 1996**

An individual that is not a United States citizen, United States non-citizen national, or a qualified alien is ineligible to participate in any program administered under the Act according to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Such individuals may not be recorded in ITS.

## 22 AIP Notifications and Opportunity to Contest

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### A. **AIP Notification for Debt**

AIP must provide written notice of the debt and a meaningful opportunity to contest the determination to the person prior to the date of delinquency. The notification must be sent to the person's last known address. The Notice of Debt must advise the person:

- (1) of the current amount of debt owed;
- (2) that if the debt is not paid or a written payment agreement is not signed by the insured and approved by the AIP on or before the date of delinquency the policy will terminate;
- (3) they will be ineligible for crop insurance the next crop year for any crop on which the termination date has not passed and on all crops in subsequent crop years until eligibility is reinstated;

**A. AIP Notification for Debt (continued)**

- (4) they will be placed on a list of persons ineligible for crop insurance; and
- (5) they will be allowed 30 days from the date of the notice to review and contest the existence or amount of debt. See subparagraph 22B for procedure regarding reviewing and contesting the debt.

See exhibits 5 and 7 for Notice of Debt letters.

All documentation and evidence supporting the delinquent debt will be maintained by the AIP according to paragraph 3. Such documentation and evidence will be made available to RMA upon request according to subparagraph 2A.

**B. Opportunity to Review and Contest the Debt**

If the debt is an AIP policy debt and the person contests the existence or amount of debt, the person may submit a request for an administrative review to the AIP or seek mediation and arbitration, if applicable.

If a person contests the existence or amount of debt, such action does not delay or preclude the:

- (1) effect of the AIP's determination of ineligibility;
- (2) AIP providing the person with all required notifications;
- (3) requirement the person pay the debt by the applicable date;
- (4) termination of the applicable crop insurance policies;
- (5) person being certified to RMA as ineligible;
- (6) RMA from issuing a Notice of Ineligibility; or
- (7) person from being listed in ITS.

AIP decisions cannot be appealed to NAD unless the AIP failed to provide the person the required notifications and opportunity to review and contest the data.

**C. AIP Notification for Disqualification, Debarment, Suspension, or Controlled Substance Violation**

AIPs are not responsible for notifying persons determined ineligible for crop insurance due to disqualification, debarment, suspension, or controlled substance violations. RMA is responsible for notifying such persons and listing them in ITS.

AIPs are required to notify RMA when they have evidence that a person is ineligible for crop insurance because of disqualification, debarment, suspension, or controlled substance violations. AIPs must fax evidence, such as signed court orders for conviction of controlled substance violations, to FAOB.

## **23 AIP Certifying Records to RMA**

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By submitting electronic records to ITS the AIP is certifying the person is ineligible to participate in any program administered under the Act, and the person has been provided the applicable notifications and opportunity to review according to paragraph 22. A person must be given written notice and an opportunity to review and contest the reasons program eligibility may be denied **BEFORE** AIP submits electronic records to RMA. Any person certified to RMA will be identified as ineligible on ITS.

See Appendix III for Type 60, Ineligible Producer Input Record, and Type 65, CAT Fee Receivable Record requirements.

## **24 RMA Actions Upon Receipt of Information of Ineligibility**

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### **A. Ineligibility Because of Debt, Disqualification, Debarment, or Suspension**

Upon receipt of a certification of a debt or notification of disqualification, debarment, or suspension, RMA will include the person on ITS and issue a Notice of Ineligibility to the person at the person's last known address. Persons with an SBI in the ineligible person will also be included on ITS and notified of such if the ineligibility is for delinquent debt. SBI holders include, but are not limited to, spouses, minors, and members and partners of general partnerships, joint ventures, limited partnerships, limited liability partnerships, and limited liability companies.

A revocable trust and the grantor of such trust are considered to be the same person for crop insurance purposes.

The applicable AIP will be notified if ineligibility is for delinquent debt owed to AIP. RMA will request supporting documentation, if needed.

Failure to receive the Notice of Ineligibility by the person does not limit the enforcement of ineligibility or extend the deadline for filing an appeal determined by using a reasonable receipt date for the notice.

The Notice of Ineligibility will:

- (1) list the criteria upon which ineligibility has been based;
- (2) contain a brief statement of the facts to support ineligibility;
- (3) state the time period of ineligibility;
- (4) advise the person that any insured in which he or she has a SBI will be affected by having the premium and coverage reduced by the amount of the ineligible person's interest in a policy, if applicable; and
- (5) advise the person of the right to appeal being included on ITS.

See paragraph 25 for NAD appeal rights. See exhibits 10-17 for Notice of Ineligibility letters.

## **24 RMA Actions Upon Receipt of Information of Ineligibility (Continued)**

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### **B. Ineligibility Because of Conviction of a Controlled Substance Violation**

Upon receipt of **an insured's controlled substance conviction**, RMA will:

- (1) research the policyholder database to verify crop, SCD of crop, crop year and ineligible/eligible dates;
- (2) include person on ITS; and
- (3) issue a Notice of Ineligibility, **including the person's right to appeal including them on ITS**, to the person at their last known address.

**Failure to receive the Notice of Ineligibility by the person does not limit the enforcement of ineligibility or extend the deadline for filing an appeal.**

See exhibit 13 for Notice of Ineligibility because of **conviction** of controlled substance violations

## **25 Appeals to NAD**

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### **A. Basis of Appeals to NAD**

After a person is included in ITS, the person may submit an appeal to NAD if the person believes:

- (1) they have been included in ITS in error; or
- (2) AIP failed to comply with the procedures in subparagraphs 22A and B.

Failure of AIP to notify the person of the debt or comply with the procedures in subparagraphs 22A and B does not prevent termination of insurance under the terms of the policy, it only limits a timely determination of ineligibility.

### **B. NAD Appeal Requirements**

The person appealing to NAD must be the person found ineligible and included on ITS. Any appeal must be submitted to NAD within 30 days of the date of receipt of the applicable notice of ineligibility.

A person who is listed **on ITS** because of delinquent debt cannot appeal to NAD contesting ineligibility based solely on debt. Any challenge to the debt must be made **to the AIP according to the applicable policy**. A person may appeal being included in ITS if the AIP failed to comply with the procedures in subparagraph 22A and B, but cannot appeal the existence of the debt.

A person whose ineligibility is based on disqualification, debarment, suspension, or a conviction for a controlled substance violation may appeal to NAD only if they believe they have been included on ITS in error.

**C. Impacts of NAD Appeal**

A request for a NAD appeal will not result in the person being removed from ITS.

Pending resolution of the NAD appeal, all policy provisions and responsibilities of the person, such as filing applicable reports, giving notice of damage, etc., and the AIP will apply. This assures all determinations necessary to establish premium, liability, any indemnity, etc., under the policy can be made, if applicable. However, no payment or indemnity will be made while the appeal is pending.

If an appeal is found in favor of appellant:

- (1) RMA will remove the person from ITS; and
- (2) the person will be entitled to all applicable insurance benefits for any affected crop effective with the beginning of the crop year insurance coverage was denied due to being listed in ITS, provided the person meets all eligibility requirements and complied with all policy provisions.

**26-30 (Reserved)**

## PART 4 WRITTEN PAYMENT AGREEMENTS

### 31 Requirements

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#### A. Full Repayment, Duration, and Modifications

A written payment agreement requires scheduled installment payments that allow for full repayment of the deb, and cannot be;

- (1) more than two years in duration; and
- (2) modified, replaced, or consolidated after it is executed according to subparagraph B.

See exhibit 9 for example written payment agreement.

#### B. Timing and Signature Requirements

To prevent an ineligible determination for a delinquent debt from:

- (1) unpaid premium, administrative fees, or CAT fees, the written payment agreement must be signed by all applicable parties on or before the termination date specified in the applicable policy; or
- (2) other than for unpaid premium, administrative fees, or CAT fees, the written payment agreement must be signed by all applicable parties on or before the due date specified in the notice to the person of the amount due.

Only one written payment agreement is permitted per termination date. However, a written payment agreement may cover multiple crops provided they all have the same termination date.

#### C. Failure to Make Payments

If the insured fails to make any scheduled payment, ineligibility is established effective on the date determined under the applicable policy provisions in effect at the time the written payment agreement was entered.

**Example:** An insured with a crop termination date of March 15, 2011, is indebted and enters into a written payment agreement signed and approved by all parties on or before the crop termination date. The payments are due on the first of each month beginning April 1. The May 1, 2012, payment is not received or postmarked by May 1, 2012. Ineligibility is established on the termination date for the crop year prior to the crop year in which the payment was due (March 15, 2012). Prior to the defaulted written payment agreement, new applications for corn and soybeans were accepted for the insured by the SCD for those crops (March 15, 2012). **As a result of the default,** the corn and soybean policies will be terminated as of their respective termination dates for the prior crop year. Any new application for a crop will be rejected until the debt is resolved.

## PART 5 INELIGIBILITY

### 41 Programs and Benefits Affected by Ineligibility

#### A. Basis for Determination of Ineligibility

The programs and benefits affected by ineligibility depend on the basis for the ineligibility. The following table provides the different basis for ineligibility and the programs and benefits affected by each.

Basis for Ineligibility	Ineligibility
Delinquent debt	Ineligible for crop insurance authorized under the Act.
Suspension or debarment	<p>Ineligible to:</p> <p>(1) participate in any program authorized under the Act, including but not limited to:</p> <ul style="list-style-type: none"> <li>(a) crop insurance;</li> <li>(b) act as agent, loss adjuster, AIP, or affiliate, as defined in the SRA or Livestock Price Reinsurance Agreement;</li> <li>(c) entering into any contracts with FCIC under sections 506(l) and section 522(c) of the Act; or</li> <li>(d) entering into any cooperative agreement or partnerships under sections 506(l), 522(d) and 524(a) of the Act; or</li> </ul> <p>(2) participate in any other transaction as specified in 2 CFR Part 180 and 2 CFR Part 417, or successor regulation.</p>
Disqualification under section 515(h) of the Act	<p>Ineligible to:</p> <p>(1) participate in any program authorized under the Act, including but not limited to:</p> <ul style="list-style-type: none"> <li>(a) crop insurance;</li> <li>(b) act as agent, loss adjuster, AIP, or affiliate, as defined in the SRA or Livestock Price Reinsurance Agreement;</li> <li>(c) entering into any contracts with FCIC under sections 506(l) and section 522(c) of the Act; or</li> <li>(d) entering into any cooperative agreement or partnerships under sections 506(l), 522(d) and 524(a) of the Act; or</li> </ul> <p>(2) participate in any programs listed in section 515(h)(3)(B) and (C) of the Act.</p>
Felony conviction for knowingly defrauding the United States in connection with any program administered by USDA	Ineligible to participate in any program offered by USDA.

## 41 Programs and Benefits Affected by Ineligibility (Continued)

### A. Basis for Determination of Ineligibility (continued)

Basis for Ineligibility	Effect of Ineligibility
Conviction of controlled substance violation	Ineligible to participate in any program authorized under the Act, including but not limited to:
Not being a United States citizen, United States non-citizen national, or a qualified alien	
	<p>(1) crop insurance;</p> <p>(2) act as agent, loss adjuster, AIP, or affiliate, as defined in the SRA or Livestock Price Reinsurance Agreement;</p> <p>(3) entering into any contracts with FCIC under sections 506(l) and section 522(c) of the Act; or</p> <p>(4) entering into any cooperative agreement or partnerships under sections 506(l), 522(d) and 524(a) of the Act.</p>

All persons submitting an application or who are currently insured under the Act are subject to verification of their eligibility status.

### B. Effective Date of Ineligibility

The effective date of the ineligibility for the person is the:

- (1) date that a policy was terminated for an unpaid premium, administrative fee, or any related interest owed;
- (2) payment due date contained in any notification of indebtedness for any overpaid indemnity, prevented planting payment, replanting payment, or other amounts due if the amount owed, including any related interest owed, as applicable, is not paid on or before the due date;
- (3) termination date determined under the applicable policy provisions in effect at the time the written payment agreement is executed;

**Example:** An insured enters into a written payment agreement on March 14, 2012, for a policy with a termination date of March 15, 2012. The written agreement is entered into when the 2011 CCIP Basic Provisions are in effect. The insured does not make the scheduled payment due on or before July 1, 2013. The applicable termination date is March 15, 2013 according to the CCIP Basic Provisions.

- (4) termination date the policy was or would have been terminated if the bankruptcy petition is dismissed before discharge;

## **41 Programs and Benefits Affected by Ineligibility (Continued)**

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### **B. Effective Date of Ineligibility (continued)**

- (5) date specified in a notification of disqualification, debarment, or suspension; or
- (6) beginning of the crop year in which the person is convicted of a controlled substance violation, which is effectively the earliest termination date applicable under any policy, unless determined otherwise by the court.

**Example:** An insured individual is convicted of a controlled substance violation in 2012. The effective date of ineligibility for the convicted individual is the earliest termination date for the 2012 crop year.

If the termination date, or other due date, falls on a Saturday, Sunday, or Federal holiday, the next business day will apply for purposes of determining if the debt is delinquent. This applies to the date of postmark as well as the date payment is received. The **published termination date or due date will NOT be changed and will be the date of ineligibility** if the person is determined a debtor and ineligible for crop insurance programs administered by FCIC under the Act.

**Example:** The termination date of November 20, 2011, is a Sunday. The AIP may accept payments on the next business day of November 21, 2011. If the insured does not pay on or before November 21, 2011, the ineligible record sent to RMA must have a debt delinquency date of November 20, 2011. When determining eligibility on policies with a November 20, 2011, termination date, the postmark date for payments mailed will also be extended to the next business day of November 21, 2011.

### **C. Possible Continuation of Benefits**

The applicable date for ineligibility applies to the person, not to a specific crop. However, program benefits may not cease immediately for all insured crops.

A delinquent debt for any policy may result in termination of all the insured's policies issued under the authority of the Act. Part 6 provides the termination effective dates for delinquent debt, by basic provision, for the policy on which the delinquent debt occurred and other policies.

Benefits are denied immediately for an insured convicted of a controlled substance violation or whose bankruptcy petition is dismissed for cause. Persons are ineligible for benefits effective the crop year of conviction or dismissal, irrespective of any applicable crop termination date or whether insurance has already attached to the crop.

**C. Possible Continuation of Benefits (continued)**

Benefits will be denied immediately for any insured crop for which the termination date has not passed prior to the date of ineligibility, and includes any prevented planting coverage applicable for a person insured the previous crop year.

**Example 1:** Producer A insures his 2010 wheat and corn. When the AIP transmits data to RMA for fall wheat on October 15, 2010, the insured is eligible for 2011 wheat coverage. Producer A fails to pay the premium for 2010 corn and is terminated March 15, 2011. On March 21, 2011, the AIP transmits a Type 60 record to ITS certifying Producer A as a debtor for corn. A Notice of Ineligibility is mailed to Producer A and his name is added to ITS.

The effective date of ineligibility is the March 15, 2011 termination date. Insurance data for any crop with a SCD of March 15, 2011, or later, will be rejected by PASS. All insurance data for the 2011 wheat will be accepted. Producer A will be ineligible for wheat coverage beginning with the 2012 crop year and corn coverage beginning with the 2011 crop year.

**Example 2:** Producer B owes AIP A for 2010 corn and is terminated March 15, 2011, for failure to pay premium. Producer B submits an application for insurance for 2011 corn to AIP B on March 15, 2011. AIP B transmits Appendix III entity and policy records on March 21, 2011, which are accepted by PASS. On March 22, 2011, AIP A transmits Type 60 record certifying Producer B as a debtor to ITS, and Producer B is added to ITS. On June 15, 2011, AIP B submits Producer B's corn acreage record data, which is rejected because of Producer B's ineligible status.

AIP B must transmit a Type 40 Record deleting all previously submitted data accepted by PASS for affected crops. Producer B's application for corn is rejected by AIP B according to the provisions of the policy, and any payments of indemnities made prior to rejecting the application must be repaid.

## 42 Time Period of Ineligibility

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The following table provides the time period of ineligibility.

<b>IF the basis for ineligibility is ...</b>	<b>THEN the time period for ineligibility is ...</b>
delinquent debt	from the date of ineligibility until:  (1) debt is paid in full; (2) debt is discharged in bankruptcy; or (3) a written payment agreement is executed.
disqualification, debarment, or suspension	from date the disqualification, debarment, or suspension is signed/approved by person authorized to take such action until the time period specified in the order expires.
felony conviction for knowingly defrauding the United States in connection with any program administered by USDA	permanent beginning with the crop year in which the person is convicted.  <b>Exception:</b> The Secretary of Agriculture may reduce the time period of ineligibility to a period of not less than 10 years.
conviction of planting, cultivating, growing, producing, harvesting, or storing a controlled substance	from the beginning of the crop year in which the person is convicted and the four subsequent consecutive crop years.
conviction of possession of or trafficking in a controlled substance	in addition to the time period for a conviction of planting, cultivating, growing, producing, harvesting, or storing a controlled substance, from the beginning of the crop year in which the person is convicted, unless determined otherwise by the court, until the time imposed by the court expires.
not being a United States citizen, United States non-citizen national, or a qualified alien	until such time the individual becomes a United States citizen, United States non-citizen national, or a qualified alien.

## 43 Effect of Ineligibility for Different Person Types

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### A. Overview

Ineligibility, as well as the basis for ineligibility, affects person types differently. This paragraph provides the effects of ineligibility for different person types.

### B. Individuals

When the ineligible person is an individual, all crop insurance policies in which the ineligible person is the sole insured will:

- (1) terminate if the person is ineligible for any reason other than a controlled substance violation; or
- (2) be void if the person is ineligible due to conviction of a controlled substance violation.

**43 Effect of Ineligibility for Different Person Types (Continued)**

**B. Individuals (continued)**

The ineligible person must be reported on all policies in which they have a SBI in the applicant or insured. The insured share under such policies will be reduced commensurate with the ineligible person’s SBI in the applicant or insured for as long as the ineligible person remains ineligible.

**C. General Partnerships, Joint Ventures, Limited Partnerships, Limited Liability Partnerships, and Limited Liability Companies**

The following table provides the effects of ineligibility on general partnerships, joint ventures, limited partnerships, limited liability partnerships, and limited liability companies.

<b>IF the general partnership, joint venture, limited partnership, limited liability partnership or limited liability company is ineligible as a result of ...</b>	<b>THEN ...</b>
a delinquent debt	<ol style="list-style-type: none"> <li>(1) all partners or members of the general partnership, joint venture, limited partnership, limited liability partnership or limited liability company will be ineligible;</li> <li>(2) all policies in which the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company is the sole insured will terminate;</li> <li>(3) all policies in which the ineligible partner or member is the sole insured will terminate; and</li> <li>(4) the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company and all ineligible partners or members must be reported on any other policy in which they have a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company or the ineligible partner’s or member’s SBI in the applicant or insured for as long as they remain ineligible.</li> </ol>
disqualification, debarment, or suspension a conviction of a felony for knowingly defrauding the United States in connection with any program administered by USDA debarment for knowingly doing business with a person debarred or suspended under 2 CFR Part 180 or 2 CFR Part 417, or successor regulations	<ol style="list-style-type: none"> <li>(1) all policies in which the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company is the sole insured will terminate; and</li> <li>(2) the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company SBI in the applicant or insured for as long as the it remains ineligible.</li> </ol>

**43 Effect of Ineligibility for Different Person Types (Continued)**

**D. Association, Estate, Trust, Corporation or Other Similar Entity**

The following table provides the effects of ineligibility on an association, estate, trust, corporation or other similar entity.

**Important:** A revocable trust and the grantor of such trust are considered to be the same person for crop insurance purposes.

<b>IF the association, estate, trust, corporation or other similar entity is ineligible as a result of ...</b>	<b>THEN ...</b>
a delinquent debt	<p>(1) all policies in which the ineligible association, estate, trust, corporation or other similar entity is the sole insured will terminate;</p> <p>(2) the ineligible association, estate, trust, corporation or other similar entity must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the person remains ineligible;</p> <p>(3) any partners, members, shareholders, administrators, executors, trustees, or grantors may be individually ineligible if the delinquent debt occurred as a result of their actions or inactions, as determined by the AIP or FCIC; and</p> <p>(4) if any partner, member, shareholder, administrator, executor, trustee, or grantor is determined individually ineligible, then:</p> <p>(a) all policies in which such person is the sole insured will terminate; and</p> <p>(b) the ineligible person must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the person remains ineligible.</p>
disqualification, debarment, or suspension a conviction of a felony for knowingly defrauding the United States in connection with any program administered by USDA debarment for knowingly doing business with a person debarred or suspended under 2 CFR Part 180 or 2 CFR Part 417, or successor regulations	<p>(1) all policies in which the ineligible association, estate, trust, corporation or other similar entity is the sole insured will terminate; and</p> <p>(2) the ineligible association, estate, trust, corporation, or other similar entity must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the person remains ineligible.</p>

**E. Executors and Personal Representatives**

The ineligibility of an executor of an estate or personal representative of a trust does not affect the eligibility of the estate or trust.

**Exception:** A revocable trust and the grantor of such trust are considered to be the same person for crop insurance purposes. When the grantor of a revocable trust is the personal representative of the trust, the eligibility of the:

- (1) trust is affected by the eligibility of the personal representative; and
- (2) personal representative is affected by the eligibility of the trust.

Ineligible SBI holders for trusts impact the eligibility of a trust.

**F. Entities Created to Conceal or Evade Ineligibility**

If an applicant or insured is a corporation, partnership, joint venture, trust, corporation, limited liability company, limited partnership, or other similar entity that was created to conceal the interest of an ineligible person or to evade the ineligibility determination of a person with a SBI in the applicant or insured:

- (1) such person is ineligible for crop insurance authorized under the Act; and
- (2) all policies for such person will be void.

The following information may be useful when determining whether an entity was created to conceal or evade ineligibility. The following are provided only to assist AIPs in making a determination, and do not represent information that is required to be obtained before the AIP determines that an entity was created to conceal or evade ineligibility.

- (1) Is the entity in question comprised of the same or substantially the same person(s) as the ineligible person?
- (2) Was the entity in question created, or the process of creating the entity started:
  - (a) after the ineligible person was notified they were ineligible; or
  - (b) before the ineligible person was notified they were ineligible but at a time the ineligible person could have reasonably known they were going to be determined ineligible?
- (3) Did the entity not disclose that the ineligible person had a SBI in the entity?
- (4) Is the entity's business similar to that of the ineligible person, such as:
  - (a) operating in the same or similar geographic area as the ineligible person; and
  - (b) producing the same or similar commodities as the ineligible person historically produced?

**A. Spouses and Minors**

The spouse and minor child of an individual insured is considered to be the same as the individual and subject to the same ineligibility, except when the:

- (1) individual is ineligible due to a conviction of a controlled substance violation;
- (2) individual is ineligible as a result of a felony conviction for knowingly defrauding the United States in connection with any program administered by USDA;
- (3) individual is ineligible because they are not a United States citizen, United States non-citizen national, or a qualified alien;
- (4) individual is ineligible as a result of a disqualification, debarment, or suspension;
- (5) spouse can prove they are legally separated or otherwise legally separate under the applicable State dissolution of marriage laws; or
- (6) minor child has a separate legal interest in such person or is engaged in a separate farming operation from the individual.

A minor child with a separate farming operation will be a separate person with respect to the separate farming operation if the:

- (1) minor's parent or other entity in which the parent has a SBI does not have any interest in the minor's farming operation or in any production from such operation;
- (2) minor establishes and maintains a separate household from the parent;
- (3) minor personally carries out the farming activities with respect to the minor's farming operation; and
- (4) minor has separate accounting and recordkeeping for the minor's farming operation.

**B. Landlord/Tenants**

All crop insurance policies in which the ineligible person is insured as landlord/tenant will terminate on the next termination date. The other persons on such policy may submit a new application for crop insurance coverage on or before the applicable SCD to obtain crop insurance, if they are otherwise eligible for such crop insurance.

**C. Transferors/Transferees**

Both the transferor and transferee under the transfer of right to indemnity are responsible for payment of the premium, administrative fees, and applicable interest. Both will be ineligible if any amount is not paid by the applicable termination date. If only part of the share of the policy is transferred, transferee is only responsible for the premium for that portion of the share of the policy.

#### **45 Effect of Ineligibility on PASS Processing**

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PASS will reject the policy when an:

- (1) applicant or insured is the sole insured and is an ineligible person included on ITS; and
- (2) ineligible person included on ITS has a SBI in the applicant or insured and the insured share is not reduced commensurately.

#### **46-50 (Reserved)**

**PART 6 TERMINATION**  
**Section 1 Termination Effective Dates For Delinquent Debt**

**51 Termination Effective Dates for CCIP**

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**A. Termination for Unpaid Administration Fees or Premiums**

The following table provides the termination effective date for unpaid administrative fees or premiums.

<b>IF the policy is for crop year ...</b>	<b>THEN termination is effective on the...</b>
2010 or prior, for all crops on which insurance attached before the insured became ineligible	termination date on or immediately following the date the insured became ineligible.  <b>Example:</b> 2010 crop year wheat has a SCD of September 30, 2009, and a termination date of November 30, 2010. Insured A does not pay the premium for the 2010 crop year by the November 30, 2010, termination date. Insured A planted wheat prior to November 30, 2010. The wheat policy cannot be terminated for the 2011 crop year because insurance attached prior to the termination date. The wheat policy would be terminated for the 2012 crop year if the insured remained ineligible at that time. All other policies with a termination date after November 30, 2010, would be terminated if the debt still existed on their respective termination dates.
2011 with a 2011 contract change before April 30, 2010, for all crops on which insurance attached before the insured became ineligible	
2011 with a 2011 contract change date on or after April 30, 2010	termination date immediately subsequent to the billing date for the crop year.
2012 or subsequent	Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.  <b>Example:</b> 2011 crop year wheat has a SCD of September 30, 2010, and a termination date of November 30, 2011. Insured B does not pay the premium for the 2011 crop year by the November 30, 2011, termination date. Insured B planted wheat prior to November 30, 2011. The wheat policy would be terminated for the 2012 crop year as of September 30, 2011. All other policies with a termination date after November 30, 2011, would be terminated if the debt still existed on their respective termination dates.

## 51 Termination Effective Dates for CCIP (Continued)

### B. Termination for Other Amounts Due

The following table provides the termination effective date for other amounts due.

<b>IF the policy is for crop year ...</b>	<b>THEN termination is effective on the...</b>
2010 or prior for all crops on which insurance attached before the insured became ineligible	termination date immediately following the date the insured became ineligible.
2011 with a 2011 contract change before April 30, 2010 for all crops on which insurance attached before the insured became ineligible	
2011 with a 2011 contract change date on or after April 30, 2010	termination date immediately following the date the debt becomes delinquent.
2012 or subsequent	Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

### C. Termination for Failure to Make Scheduled Payment Under Written Payment Agreement

The termination effective date for a policy when an insured fails to make a scheduled payment under a written payment agreement is the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the crop year will start the day after the termination date and end on the next termination date.

**Example:** The termination date is November 30. Insured A fails to make a scheduled payment on November 15, 2012. The policy will terminate on November 30, 2011, for the 2012 crop year.

### D. All Other Policies Affected

A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred. The following table provides the termination effective date for policies other than the policy for which the delinquent debt occurred.

**51 Termination Effective Dates for CCIP (Continued)**

**D. All Other Policies Affected (continued)**

<b>IF the policy is for crop year ...</b>	<b>THEN termination is effective on the...</b>
2010 or prior for all crops on which insurance attached before the insured became ineligible	termination date on or immediately following the date the insured became ineligible.
2011 with a 2011 contract change before April 30, 2010 for all crops on which insurance attached before the insured became ineligible	
2011 with a 2011 contract change date on or after April 30, 2010	(1) termination date that coincides with the termination date for the policy with the delinquent debt; or  (2) termination date immediately following the date the insured became ineligible if there is no coincidental termination date.
2012 or subsequent	

**E. Termination for Dismissal of Bankruptcy Petition Before Discharge**

The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

**52 Termination Effective Dates for Rainfall and Vegetation Index Plan Common Policies**

**A. Termination for Unpaid Administration Fees or Premiums, Other Amounts Due, and Failure to Make Scheduled Payment Under Written Payment Agreement**

The following table provides the termination effective date for unpaid administrative fees or premiums, other amounts due, and failure to make scheduled payment under a written payment agreement.

<b>IF the policy is terminated because of ...</b>	<b>THEN termination is effective on the...</b>
unpaid administrative fees or premiums	termination date immediately following the billing date for the crop year.  Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.
other amounts due	termination date immediately following the date the debt becomes delinquent.  Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity payment will be owed.
failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the payment.  For this purpose only, the crop year will start the day after the termination date and end on the next termination date.  <b>Example:</b> The termination date is November 30. Insured A fails to make a scheduled payment on November 15, 2012. The policy will terminate on November 30, 2011, for the 2012 crop year.

**52 Termination Effective Dates for Rainfall and Vegetation Index Plan Common Policies  
(Continued)**

**B. All Other Policies Affected**

A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred.

The termination effective date for all other such policies is the:

- (1) termination date that coincides with the termination date for the policy with the delinquent debt; or
- (2) termination date immediately following the date the insured became ineligible if there is no coincidental termination date.

**C. Termination for Dismissal of Bankruptcy Petition Before Discharge**

The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

**53 Termination Effective Dates for AGR and AGR-Lite Insurance Policies**

**A. Termination for Unpaid Administration Fees or Premiums, Other Amounts Due, and Failure to Make Scheduled Payment Under Written Payment Agreement**

The following table provides the termination effective date for unpaid administrative fees or premiums, other amounts due, and failure to make scheduled payment under a written payment agreement.

<b>IF the policy is terminated because of ...</b>	<b>THEN termination is effective on the...</b>
unpaid administrative fees or premiums	first day of the insurance year immediately subsequent to the insurance year for which the premium or administrative fee was due.  Insurance will be considered not to have attached in the subsequent year and no premium will be owed or indemnity paid.
other amounts due	termination date immediately after the account becomes delinquent.
failure to make scheduled payment under a written payment agreement	termination date for the crop year in which the insured failed to make the scheduled payment.

## **53 Termination Effective Dates for AGR and AGR-Lite Insurance Policies (Continued)**

### **B. All Other Policies Affected**

A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred.

The termination effective date for all other such policies is the next termination date contained in the applicable policy.

### **C. Voiding Policies for Dismissal of Bankruptcy Petition Before Discharge**

Dismissal of a bankruptcy petition before discharge will void all policies in effect retroactive to the date the insured was originally determined ineligible to participate.

## **54 Termination Effective Dates for Livestock Risk Protection Policies**

### **A. Termination for Unpaid Premiums, Other Amounts Due, and Failure to Make Scheduled Payment Under Written Payment Agreement**

The following table provides the termination effective date for unpaid premiums, other amounts due, and failure to make scheduled payment under a written payment agreement.

<b>IF the policy is terminated because of ...</b>	<b>THEN termination is effective on the...</b>
unpaid premium resulting from a check returned for insufficient funds	effective date of the Specific Coverage Endorsement.
other amounts due	termination date immediately after the debt becomes delinquent.
failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

### **B. All Other Policies Affected**

A delinquent debt for any policy will result in termination of all of the insured's policies, including crop policies, issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred.

The termination effective date for other policies for which a debt is not delinquent but are terminated because of delinquent debt for the insured's Livestock Risk Protection policy depends on the type of delinquent debt. The following table provides the termination effective date for such other policies.

**54 Termination Effective Dates for Livestock Risk Protection Policies (Continued)**

**B. All Other Policies Affected (continued)**

<b>IF all other policies are being terminated because of ...</b>	<b>Then the termination of such policies is effective on the ...</b>
unpaid premium resulting from a check returned for insufficient funds other amounts due	next termination date contained in the applicable policy.
failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

**C. Voiding Policies for Dismissal of Bankruptcy Petition Before Discharge**

Dismissal of a bankruptcy petition before discharge will void all policies in effect retroactive to the date the insured was originally determined ineligible to participate.

**55 Termination Effective Dates for LGM-Cattle Policies**

**A. Termination for Unpaid Premiums, Other Amounts Due, and Failure to Make Scheduled Payment Under Written Payment Agreement**

The following table provides the termination effective date for unpaid premiums, other amounts due, and failure to make scheduled payment under a written payment agreement.

<b>IF the policy is terminated because of ...</b>	<b>THEN termination is effective on the...</b>
unpaid premium resulting from a check returned for insufficient funds	SCD.
other amounts due	termination date immediately after the debt becomes delinquent.
failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

**B. All Other Policies Affected**

A delinquent debt for any policy will result in termination of all of the insured's policies, including crop policies, issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred.

The termination effective date for other policies for which a debt is not delinquent but are terminated because of delinquent debt for the insured's LGM-Cattle policy depends on the type of delinquent debt. The following table provides the termination effective date for such other policies.

**55 Termination Effective Dates for LGM-Cattle Policies (Continued)**

**B. All Other Policies Affected (continued)**

<b>IF all other policies are being terminated because of ...</b>	<b>Then the termination of such policies is effective on the ...</b>
unpaid premium resulting from a check returned for insufficient funds	next termination date contained in the applicable policy.
other amounts due	
failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

**C. Voiding Policies for Dismissal of Bankruptcy Petition Before Discharge**

Dismissal of a bankruptcy petition before discharge will void all policies in effect retroactive to the date the insured was originally determined ineligible to participate.

**56 Termination Effective Dates for LGM-Swine Policies**

**A. Termination for Unpaid Premiums, Other Amounts Due, and Failure to Make Scheduled Payment Under Written Payment Agreement**

The following table provides the termination effective date for unpaid premiums, other amounts due, and failure to make scheduled payment under a written payment agreement.

<b>IF the policy is for crop year ...</b>	<b>AND the policy is terminated because of ...</b>	<b>THEN the termination of such policy is effective on the ...</b>
2011 or prior	unpaid premium resulting from a check returned for insufficient funds	SCD.
	other amounts due	termination date immediately after the debt becomes delinquent.
	failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.
2012 or subsequent	unpaid administrative fees or premiums	termination date immediately subsequent to the billing date for the crop year.  Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting or replant payment will be owed.
	other amounts due	termination date immediately following the date the debt becomes delinquent.  Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting or replant payment will be owed.
	failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the crop year will start the day after the termination date and end on the next termination date.

**56 Termination Effective Dates for LGM-Swine Policies (Continued)**

**B. All Other Policies Affected**

A delinquent debt for any policy will result in termination of all of the insured’s policies, including crop policies, issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred.

The termination effective date for other policies for which a debt is not delinquent but are terminated because of delinquent debt for the insured’s LGM-Swine policy depends on the type of delinquent debt. The following table provides the termination effective date for such other policies.

<b>IF the policy is for crop year ...</b>	<b>AND the policy is terminated because of ...</b>	<b>THEN the termination of such policy is effective on the ...</b>
2011 or prior	unpaid premium resulting from a check returned for insufficient funds	next termination date contained in the applicable policy.
	other amounts due	
2012 or subsequent	failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.
	unpaid administrative fees or premiums	(1) termination date that coincides with the termination date for the policy with the delinquent debt; or  (2) termination date immediately following the date the insured became ineligible if there is no coincidental termination date.
	other amounts due	
	failure to make scheduled payment under a written payment agreement	

**C. Dismissal of Bankruptcy Petition Before Discharge**

The effect of a dismissal of bankruptcy petition before discharge depends on the crop year of the LGM-Swine policy.

<b>IF the policy is for crop year ...</b>	<b>THEN dismissal of a bankruptcy petition before discharge will ...</b>
2011 or prior	void all policies in effect retroactive to the date the insured was originally determined ineligible to participate.
2012 or subsequent	terminate the policy effective on the termination date the policy was or would have been terminated.

**57 Termination Effective Dates for LGM-Dairy Policies**

**A. Termination for Unpaid Premiums, Other Amounts Due, and Failure to Make Scheduled Payment Under Written Payment Agreement**

The following table provides the termination effective date for unpaid premiums, other amounts due, and failure to make scheduled payment under a written payment agreement.

<b>IF the policy is for crop year ...</b>	<b>AND the policy is terminated because of ...</b>	<b>THEN the termination of such policy is effective on the ...</b>
2010 or prior	unpaid premium resulting from a check returned for insufficient funds	SCD.
	other amounts due	termination date immediately after the debt becomes delinquent.
	failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.
2011 or subsequent	unpaid administrative fees or premiums	<p>termination date immediately subsequent to the billing date for the crop year.</p> <p>Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting or replant payment will be owed.</p>
	other amounts due	<p>termination date immediately following the date the debt becomes delinquent.</p> <p>Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting or replant payment will be owed.</p>
	failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the crop year will start the day after the termination date and end on the next termination date.

**57 Termination Effective Dates for LGM-Dairy Policies (Continued)**

**B. All Other Policies Affected**

A delinquent debt for any policy will result in termination of all of the insured’s policies, including crop policies, issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred.

The termination effective date for other policies for which a debt is not delinquent but are terminated because of delinquent debt for the insured’s LGM-Dairy policy depends on the type of delinquent debt. The following table provides the termination effective date for such other policies.

<b>IF the policy is for crop year ...</b>	<b>AND the policy is terminated because of ...</b>	<b>THEN the termination of such policy is effective on the ...</b>
2010 or prior	unpaid premium resulting from a check returned for insufficient funds	next termination date contained in the applicable policy.
	other amounts due	
2011 or subsequent	failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.
	unpaid administrative fees or premiums	(1) termination date that coincides with the termination date for the policy with the delinquent debt; or  (2) termination date immediately following the date the insured became ineligible if there is no coincidental termination date.
	other amounts due	
	failure to make scheduled payment under a written payment agreement	

**C. Dismissal of Bankruptcy Petition Before Discharge**

The effect of a dismissal of bankruptcy petition before discharge depends on the crop year of the LGM-Dairy policy.

<b>IF the policy is for crop year ...</b>	<b>THEN dismissal of a bankruptcy petition before discharge will ...</b>
2010 or prior	void all policies in effect retroactive to the date the insured was originally determined ineligible to participate.
2011 or subsequent	terminate the policy effective on the termination date the policy was or would have been terminated.

## 58 Termination Effective Dates for GRP and GRIP Policies

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### A. Termination for Unpaid Premiums, Other Amounts Due, and Failure to Make Scheduled Payment Under Written Payment Agreement

The following table provides the termination effective date for unpaid premiums, other amounts due, and failure to make scheduled payment under a written payment agreement.

<b>IF the policy is terminated because of ...</b>	<b>THEN termination is effective on the...</b>
unpaid administrative fees or premiums	termination date immediately following the billing date for the crop year.
other amounts due	termination date immediately following the debt becomes delinquent.
failure to make scheduled payment under a written payment agreement	termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

### B. Termination for Dismissal of Bankruptcy Petition Before Discharge

The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

## 59 Termination Effective Dates for ARPI Policies

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### A. Termination for Unpaid Administrative Fees, Premiums, Other Amounts Due, and Failure to Make Scheduled Payment Under Written Payment Agreement

The following table provides the termination effective date for unpaid administrative fees, premiums, other amounts due, and failure to make scheduled payment under a written payment agreement.

**59 Termination Effective Dates for ARPI Policies (Continued)**

**A. Termination for Unpaid Administrative Fees, Premiums, Other Amounts Due, and Failure to Make Scheduled Payment Under Written Payment Agreement (continued)**

IF the policy is terminated because of ...	THEN termination is effective on the...
unpaid administrative fees or premiums	<p>termination date immediately subsequent to the billing date for the crop year.</p> <p>Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity will be owed.</p>
other amounts due	<p>termination date immediately following the date the debt becomes delinquent.</p> <p>Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity will be owed.</p>
failure to make scheduled payment under a written payment agreement	<p>termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.</p> <p>For this purpose only, the crop year will start the day after the termination date and end on the next termination date.</p> <p><b>Example:</b> The termination date is November 30. Insured A fails to make a scheduled payment on November 15, 2012. The policy will terminate on November 30, 2011, for the 2012 crop year.</p>

**B. All Other Policies Affected**

A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred.

The termination effective date for all other such policies is the:

- (1) termination date that coincides with the termination date for the policy with the delinquent debt; or
- (2) termination date immediately following the date the insured became ineligible if there is no coincidental termination date.

**C. Termination for Dismissal of Bankruptcy Petition Before Discharge**

The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

## **Section 2 Termination Effective Dates For Disqualification, Debarment, Suspension, and Knowingly Defrauding the United States**

### **71 Termination Effective Date for Disqualification, Debarment, or Suspension**

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The termination effective date for ineligibility as a result of disqualification, debarment, or suspension will be the termination date following the date the person was disqualified, debarred, or suspended by debarring official, Administrative Law Judge, or such other person authorized to take such action, unless otherwise provided in the order.

### **72 Termination Effective Date for Knowingly Defrauding the United States**

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The termination effective date for a felony conviction for knowingly defrauding the United States in connection with any program administered by USDA will be the beginning of the crop year in which the individual is convicted.

**73-80 (Reserved)**

## PART 7 VOIDING POLICIES

### 81 Reasons for Voiding Policies

A policy will be voided when:

- (1) the individual is convicted of a controlled substance violation;
- (2) the applicant or insured is a corporation, partnership, joint venture, trust, corporation, limited liability company, limited partnership, or other similar entity that was created to conceal the interest of an ineligible person or to evade the ineligibility determination of a person with a SBI in the applicant or insured;
- (3) the insured falsely or fraudulently conceals the fact they are ineligible to receive benefits under the Act;
- (4) the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy; or
- (5) dismissal of a bankruptcy petition before discharge occurs, but only for the following policies.
  - (a) AGR.
  - (b) AGR-Lite.
  - (c) Livestock Risk Protection.
  - (d) LGM-Cattle.
  - (e) Crop year 2011 and prior LGM-Swine.
  - (f) Crop year 2010 and prior LGM-Dairy.

**Note:** Dismissal of a bankruptcy petition before discharge occurs will result in termination, not voiding, of the following policies.

- (1) CCIP.
- (2) GRP.
- (3) GRIP.
- (4) Rainfall and Vegetation Index Plan.
- (5) Crop year 2012 and subsequent LGM-Swine.
- (6) Crop year 2011 and subsequent LGM-Dairy.
- (7) ARPI.

## 82 Voiding Policies for Concealment, Misrepresentation, or Fraud

The following table provides information about voiding policies for concealment, misrepresentation, or fraud.

IF the policy is a ...	AND the ...	THEN the ...
CCIP, ARPI, GRIP, AGR, AGR-Lite, LGM-Dairy for 2011 and subsequent crop years, or Rainfall or Vegetation Index policy	(1) insured falsely or fraudulently conceals the fact they are ineligible to receive benefits under the Act; or  (2) insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy	policy will be void.
LGM-Cattle, LGM-Swine, or LGM-Dairy for 2010 and prior crop years	(1) insured falsely or fraudulently conceals the fact they are ineligible to receive benefits under the Act; or  (2) insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy	policy will be void for each insurance period in which the concealment, misrepresentation, or fraud occurred.
Livestock Risk Protection policy	(1) insured falsely or fraudulently conceals the fact they are ineligible to receive benefits under the Act; or  (2) insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy	policy, including all Specific Coverage Endorsements, will be void for each crop year in which the concealment, misrepresentation, or fraud occurred.

## 83 Effective Date of Voidance

### A. Effective Date Varies by Reason and Type of Policy

The voidance effective date depends on the reason the policy is being voided and type of policy.

### B. Voided for Controlled Substance Violation

The following table provides the voidance effective date for all policies when the reason for voidance is conviction of a controlled substance violation.

IF the policy is voided because of a conviction for ...	THEN voidance is effective on ...
planting, cultivating, growing, producing, harvesting, or storing a controlled substance	beginning of the crop year in which the individual is convicted.
possession of or trafficking in a controlled substance	beginning of the crop year in which the individual is convicted, unless determined otherwise by the court.

**83 Effective Date of Voidance (Continued)**

**C. Voided for Creating Entity to Conceal or Evade Ineligibility**

When a policy is voided because the applicant or insured is an entity that was created to conceal the interest of an ineligible person or to evade an ineligibility determination of a person with a SBI in the applicant or insured, the voidance effective date is the beginning of the first crop year such entity had a policy.

**D. Voided for Concealment, Misrepresentation, or Fraud**

The following table provides the voidance effective date for all policies when the reason for voidance concealment, misrepresentation, or fraud.

<b>IF the policy is voided because the ...</b>	<b>AND the policy is a ...</b>	<b>THEN voidance is effective on the ...</b>
(1) insured falsely or fraudulently conceals the fact they are ineligible to receive benefits under the Act; or	CCIP, ARPI, GRIP, LGM-Dairy, LGM-Swine, LGM-Cattle, or Rainfall or Vegetation Index	first day of the insurance period for the crop year in which the act occurred.
	AGR or AGR-Lite	first day of the insurance year in which the act occurred.
(2) insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy	Livestock Risk Protection	effective date or dates for the crop year in which the act occurred.

84-100 (Reserved)

## PART 9 REGAINING AND REINSTATING ELIGIBILITY

### 101 Regaining Eligibility

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#### A. Regaining Eligibility After Period of Ineligibility

After the period of ineligibility according to paragraph 42 has ended, the ineligible person is eligible to participate in programs authorized under the Act, provided the person meets all eligibility requirements.

#### B. Obtaining Crop Insurance After Regaining Eligibility

If a person wishes to obtain crop insurance authorized under the Act after the person regains eligibility, the person must submit a new application for crop insurance coverage on or before the applicable SCD for the applicable terminated policy(ies). If the date of regaining eligibility occurs after the applicable SCD for the crop, the person may not obtain crop insurance until the following year.

**Exception:** Some crops, such as Nursery, allow applications to be submitted after the SCD with a waiting period for insurance attachment. In such cases, the person would be able to participate in that crop program in the crop year eligibility is regained, if a new application is submitted and all other criteria met. This is considered a new policy, not a policy being reinstated.

#### C. Regaining Eligibility Under a Written Agreement

Regaining eligibility under a written payment agreement requires the person to make all payments according to the agreement. Failing to comply with the agreement will result in an immediate determination of ineligibility and does not require notification or another Notice of Ineligibility according to paragraph 22.

See part 4 for more information about written payment agreements.

### 102 Reinstatement of Eligibility

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If an ineligible person is subsequently determined to be an eligible person through mediation, arbitration, appeal, or judicial review, such person's policies will be reinstated effective at the beginning of the crop year for which the producer was determined ineligible. The eligible person will be entitled to all applicable benefits under such policies, provided the person meets all eligibility requirements and complies with the terms of the policy.

Once a policy is terminated or voided it cannot be reinstated for the current crop year unless it was terminated or voided in error.

### 103-110 (Reserved)

## PART 10 PENDING CLAIMS

### **111 Claim Pending**

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An insured may have a claim for an indemnity pending at the time of the termination date. A pending claim does not affect the obligation of the insured to pay the premium by the termination date to maintain eligibility for crop insurance coverage. AIP will terminate insurance coverage on the termination date on the basis that the premium is delinquent without regard to a pending indemnity.

When a claim which results in a payable indemnity was signed by the producer prior to the crop termination date, and satisfies the outstanding insurance debt:

- (1) the person's eligibility will be reinstated effective with the beginning of the crop year for the affected crop(s); and
- (2) crop insurance coverage will be effective provided all policy provisions and responsibilities, such as filing applicable reports, giving notice of damage, etc., have been met.

**Acronyms and Abbreviations**

The following table provides the acronyms and abbreviations used in this handbook.

<b>Approved Acronym/Abbreviation</b>	<b>Term</b>
Act	Federal Crop Insurance Act, as amended (7 U.S.C. 1501 et. seq.)
AGR	Adjusted Gross Revenue
AIP	Approved Insurance Provider
ARPI	Area Risk Protection Insurance Provisions
CAT	Catastrophic Risk Protection Endorsement
CCIP	Common Crop Insurance Policy
CFR	Code of Federal Regulations
EIN	Employer Identification number
EPLS	Excluded Parties List System
FAOB	Financial Analysis and Oversight Branch
FCIC	Federal Crop Insurance Corporation
FSA	Farm Service Agency
ITS	Ineligible Tracking System
GRP	Group Risk Plan
GRIP	Group Risk Income Protection
LGM	Livestock Gross Margin
NAD	National Appeals Division
PAAD	Product Analysis and Accounting Division
PASD	Product Administration and Standards Division
PASS	Policy Acceptance and Storage System
RAETB	Reinsurance Accounting and Eligibility Tracking Branch
RMA	Risk Management Agency
SBI	Substantial Beneficial Interest
SCD	Sales Closing Date
SRA	Standard Reinsurance Agreement
SSN	Social Security Number
U.S.C.	United States Code
USDA	United States Department of Agriculture

## Definitions

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Applicant means a person who has submitted an application for crop insurance coverage under the Act.

Approved Insurance Provider means a legal entity which has entered into a Standard Reinsurance Agreement, Livestock Price Reinsurance Agreement, or other reinsurance agreement, as applicable, with FCIC for the applicable reinsurance year.

Authorized person means any current or past officer, employee, elected official, managing general agent, agent, or contractor of an AIP, FCIC, or any other government agency whose duties require access to the ITS to administer the Act.

Controlled substance has the same meaning provided in 7 CFR 3021.610.

Conviction means a judgment or any other determination of guilt of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or plea, including a plea of no contest.

Date of delinquency means (1) the termination date specified in the applicable policy for administrative fees and premiums owed for insurance issued under the authority of the Act, and any interest and penalties on those amounts, if applicable; and (2) the due date specified in the notice to the person of the amount due for any other amounts due the AIP or FCIC for insurance issued under the authority of the Act. Other amounts due include, but are not limited to, indemnities, prevented planting payments, or replant payments found not to have been earned or that were overpaid, premium billed with a due date after the termination date for the crop year in which premium is earned, and any interest, administrative fees, and penalties on such amounts, if applicable. Payments postmarked or received before the date of delinquency by the AIP or its agent for debts owed to the AIP, or by FCIC for debts owed to FCIC, are not delinquent.

Days mean calendar days unless otherwise noted.

Debt means an amount of money that has been determined to be owed by any person to FCIC or an AIP, excluding money owed to an AIP's agent, under any program administered under the Act. The debt may have arisen from nonpayment of interest, penalties, premium, or administrative fee; overpayment of indemnity, prevented planting or replant payment; cost of collection; or other causes. A debt does not include debts discharged in bankruptcy.

Debtor means a person who owes a debt and that debt is delinquent.

Delinquent debt means a debt that is not satisfied on or before the date of delinquency. To avoid delinquency or ineligibility due to a delinquent debt, a debtor may enter into a written payment agreement acceptable to the AIP or FCIC to pay any such debt as long as all payments are made by the due dates specified in such written payment agreement. A delinquent debt does not include debts discharged in bankruptcy, or any debt to an AIP's agent.

**Definitions (Continued)**

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Employer Identification Number means a Tax Identification Number issued by the Internal Revenue Service used to identify a business entity, and may also be referred to as a Federal Tax Identification Number.

Excluded Parties List System means a list maintained by the General Services Administration that provides a source of current information about persons who are excluded or disqualified from covered transactions, including the date the person was determined ineligible and the date the period of ineligibility ends.

Ineligible person means a person who is denied participation in any program administered under the authority of the Act.

Ineligible Tracking System means an electronic system to identify persons who are ineligible to participate in any program pursuant to 7 CFR Part 400, Subpart U.

Insured has the same meaning as the term “insured” in the applicable policy.

Livestock Price Reinsurance Agreement means a cooperative financial assistance agreement between FCIC and an AIP to deliver eligible livestock price insurance contracts under the authority of the Act and establishes the terms and conditions under which FCIC will provide subsidy and reinsurance on eligible livestock price insurance policies sold.

Meaningful opportunity to contest means the opportunity for the insured to resolve disagreements with a decision by the AIP through requesting a review of the decision by the AIP, mediation, arbitration, or judicial review, as applicable.

Minor means any person under 18 years of age. Court proceedings conferring majority on an individual under 18 years of age will result in such person no longer being considered a minor.

Person means an individual, partnership, association, corporation, estate, trust, or other legal entity, and wherever applicable, a State or political subdivision or agency of a State. “Person” does not include the United States Government or any agency thereof.

Policy has the same meaning as the term “policy” in the applicable Basic Provisions.

Policy Acceptance and Storage System means any RMA or FCIC approved electronic data processing system that receives, and accepts or rejects, AIP-submitted data for eligible crop insurance policies.

**Definitions (Continued)**

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Postmark means a (1) postal imprint made on letters, flats, and parcels that shows the name of the Post Office that accepts custody of the mail, along with the two-letter state abbreviation and ZIP Code of the Post Office, and the date of mailing, and the time abbreviation a.m. or p.m. The postmark is generally applied, either by machine or hand, with cancellation or killer bars to indicate that the postage cannot be reused; or (2) the date of tender to the private delivery service as recorded in the tracking and tracing record for the parcel, provided the private delivery service is available to the general public and has tracking and tracing procedures for its deliveries, such as DHL, Federal Express, or UPS.

Qualified alien has the same meaning provided in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. §1641).

Sales Closing Date has the same meaning as the term “sales closing date” in the applicable policy.

Social Security Number means an individual's Social Security Number as issued under the authority of the Social Security Act.

Standard Reinsurance Agreement means a cooperative financial assistance agreement between FCIC and an AIP to deliver eligible crop insurance contracts under the authority of the Act and establishes the terms and conditions under which FCIC will provide subsidy and reinsurance on eligible crop insurance policies sold.

Substantial beneficial interest has the same meaning as contained in the applicable policy.

United States non-citizen national has the same meaning provided in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. §1408).

Written payment agreement means a written document between a debtor and the AIP, or FCIC, that is signed and dated by all applicable parties to satisfy financial obligations of the debtor with scheduled installment payments under conditions that modify the terms of the original debt according to 7 CFR Part 400, Subpart U.

**Disclaimer**

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The letters contained in exhibits 10-17 are to be used exclusively by RMA in the Notice of Ineligibility.

Exhibits 5, 7, and 9 are provided by RMA as a guide for AIPs in the development of the letters and written payment agreements used in debt notification and resolution. Before using them, AIPs must review the letters and written payment agreement in the exhibit to determine if they address the specific situation. They may be modified as necessary, provided all modifications conform to the provisions in 7 CFR, Part 400, Subpart U, the applicable crop policy and the procedures in this handbook.

## Notice of Debt and Pre-Termination for Debts, Except Debts of Other Amounts Due

The following is an example AIPs may use as a guide to provide persons a notice of debt and pre-termination for debts, excluding debts of other amounts due. See exhibit 7 for an example letter for debts of other amounts due.

### (AIP Letterhead)

(AIP Name and Address)

Date: MM/DD/YY

Policy Number: XXXXXXXX

The enclosed billing states the amount of premium, interest, administrative fees and/or other related charges which are unpaid according to our records. Also included on the billing is the termination date as stated in your policy. **IF YOUR PAYMENT WAS RECENTLY MADE, PLEASE DISREGARD THE REMAINDER OF THIS LETTER.**

You have the right to a complete explanation of this debt, to inspect and copy our records related to the debt, to contest any information in our records pertaining to the debt, and to an administrative review if you believe the debt is not correct. You may enter into a written payment agreement on terms acceptable to you and us if a review of your financial position supports that you are unable to pay the entire debt amount. Send requests for a written payment agreement to the above address. Written payment agreements must be executed on or before the termination date.

Failure to pay the entire debt amount or execute a written payment agreement by the termination date will result in the debt being determined delinquent and termination of your policy. Interest, fees, and other penalties, as applicable, will be assessed according to the terms of your policy. In addition, all your other policies may be terminated in accordance with the terms and conditions of your policy. Further, you will be determined ineligible for benefits under the Federal Crop Insurance Act (ACT). To avoid the debt being determined delinquent the entire debt amount must be received by us or postmarked, or a written payment agreement executed, by the termination date.

The Risk Management Agency (RMA) compiles a list of persons who have been found ineligible for program benefits under the ACT. The ineligible list is used by RMA and all Approved Insurance Providers reinsured by the Federal Crop Insurance Corporation for the purposes of denying crop insurance coverage. Your name will be placed on the ineligible list, future benefits under the ACT will be denied, and any new application for crop insurance will be rejected if the entire debt amount is not paid or a written payment agreement is not executed by the crop termination date. If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

A request for an administrative review must be in writing, state the basis of your belief the debt is incorrect, and be received within thirty (30) days of the date of this letter. Send the request to the above address. Requesting an administrative review does not delay, defer, or otherwise change the requirement the entire debt be paid or a written payment be executed by the termination date, or your name being placed on the ineligible list. An administrative review does not take the place of, or limit your right to, mediation, arbitration, or judicial review, as applicable, according to the terms of your policy.

We appreciate your business and immediate attention to this matter.

## Notice of Debt and Pre-Termination for Debts of Other Amounts Due

The following is an example AIPs may use as a guide to provide persons a notice of debt and pre-termination for other amounts due. Other amounts due include, but are not limited to, indemnities, prevented planting payments, or replant payments found not to have been earned or that were overpaid, premium billed with a due date after the termination date for the crop year in which premium is earned, and any interest, administrative fees, and penalties on such amounts, if applicable.

### (AIP Letterhead)

(AIP Name and Address)

Date: MM/DD/YY

We have determined you owe a debt in the amount of \$\_\_\_\_\_ under policy (XXXXXXX). The debt results from (provide an explanation of the cause of debt, including any interest or fees included in the total amount due)

Please send your check, draft, or money order for the entire debt amount within thirty (30) days from the date of this letter using the enclosed self-addressed envelope.

You have the right to a complete explanation of this debt, to inspect and copy our records related to the debt, to contest any information in our records pertaining to the debt, and to an administrative review if you believe the debt is not correct. You may enter into a written payment agreement on terms acceptable to you and us if a review of your financial position supports that you are unable to pay the entire debt amount. Send requests for a written payment agreement to the above address.

Failure to pay the entire debt amount or execute a written payment agreement within thirty (30) days from the date of this letter will result in the debt being determined delinquent and termination of your policy. Interest, fees, and other penalties, as applicable, will be assessed according to the terms of your policy. In addition, all your other policies may be terminated in accordance with the terms and conditions of your policy. Further, you will be determined ineligible for benefits under the Federal Crop Insurance Act (ACT). To avoid the debt being determined delinquent the entire debt amount must be received by us or postmarked, or a written payment agreement executed, within thirty (30) days of the date of this letter.

The Risk Management Agency (RMA) compiles a list of persons who have been found ineligible for program benefits under the ACT. The ineligible list is used by RMA and all Approved Insurance Providers reinsured by the Federal Crop Insurance Corporation for the purposes of denying crop insurance coverage. Your name will be placed on the ineligible list, future benefits under the ACT will be denied, and any new application for crop insurance will be rejected if the entire debt is not paid or a written payment agreement is not executed within thirty (30) days from the date of this letter. If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

A request for an administrative review must be in writing, state the basis of your belief the debt is incorrect, and be received within thirty (30) days of the date of this letter. Send the request to the above address. Requesting an administrative review does not delay, defer, or otherwise change the requirement the entire debt be paid or a written payment be executed within thirty (30) days of the date of this letter, or your name being placed on the ineligible list. An administrative review does not take the place of, or limit your right to, mediation, arbitration, or judicial review, as applicable, according to the terms of your policy.

We appreciate your business and immediate attention to this matter.

**Written Payment Agreement**

The following is an example AIPs may use as a guide when developing a written payment agreement.

**WRITTEN PAYMENT AGREEMENT  
(AIP Letterhead)**

MM/DD/YY  
(AIP NAME)

I(we), \_\_\_\_\_ do hereby acknowledge a debt to the (AIP name) under contract \_\_\_\_\_ for the (YYYY) crop year. In consideration of the Approved Insurance Provider (AIP) agreeing to forebear immediate collection action, I(we) agree to pay the total sum of \$\_\_\_\_\_ which includes interest to be accrued during this agreement. I(we) agree to pay each scheduled payment as shown below, until such indebtedness is paid in full.

Scheduled Due Dates:	Amount Due:	Comment:
<b>Total:</b>		

These payments will be made to (AIP name and address). These payments are to be made by me(us) without regular billings from the AIP. I(we) may request and will be given a current status of my(our) debt by contacting the AIP.

If the AIP processes any indemnity claim while any debt referred to in this agreement is still outstanding, I(we) understand the indemnity will not be paid to me(us), but will be applied as payment against this debt.

If I(we) fail to make payment on or before, or payment is not postmarked on or before, the scheduled due date, I(we) understand that this agreement will be null and void. If this agreement becomes null and void, I(we) understand that I(we) will be placed on the Ineligible listing for failure to pay by a scheduled due date. I(we) understand that I(we) may be ineligible for certain other USDA program benefits.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
 Signature \_\_\_\_\_ Date \_\_\_\_\_  
 Approved \_\_\_\_\_ Date \_\_\_\_\_  
 AIP

**AIP Debtors Notice of Ineligibility**

The following is a sample letter used by RMA to notify persons determined ineligible for failure to pay a debt.

(USDA/RMA/FCIC Letterhead)

I. Was Insured

123 Any Street

City, State XXXXX-XXXX

Date: MM/DD/YYYY

Tax Id Number: XXXXX5555

ABC Insurance Company, (555) 555-5555

The above stated Approved Insurance Provider (AIP) notified this office of their determination that you are ineligible to participate in the Federal crop insurance program. The reason stated was your failure to pay the (premium and/or overpaid indemnity) associated with your (crop year) crop insurance policy by (MM/DD/YYYY), the date stated in the policy.

The AIP has certified that the debt was not paid by the termination date, or date it was due, that you were notified of the debt and you were given the opportunity to dispute the amount and existence of the debt. Based on the terms of your policy and 7 CFR Part 400, Subpart U, after proper notification and ability to contest the debt, failure to pay these amounts when due renders you ineligible to participate in the Federal crop insurance program.

In accordance with the terms of the policy and 7 CFR Part 400, Subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest. You will remain ineligible to participate from the date the debt was determined to be delinquent until the date eligibility is reinstated in accordance with 7 CFR 400.683. Once eligibility is reinstated, you must submit a new application to obtain crop insurance according to 7 CFR 400.685.

Since the determination that you are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of your policy. If you have documentation to show that action taken to include you on the Ineligible Tracking System (ITS) by the Risk Management Agency (RMA) was in error, you may appeal the placement on ITS by RMA according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

Your ineligibility for Federal crop insurance may cause you to be ineligible for other USDA program benefits.

**AIP Debtors Notice of Ineligibility for Partners of Indebted Partnerships**

The following is a sample letter used by RMA to notify partners of a partnership determined ineligible for failure to pay a debt.

(USDA/RMA/FCIC Letterhead)

I. Was Insured

123 Any Street

City, State XXXXX-XXXX

Date: MM/DD/YYYY

Tax ID Number: XXXXX5555

ABC Insurance Company, (555) 555-5555

The above stated Approved Insurance Provider (AIP) notified this office that you are a partner in the partnership of (name of partnership). The AIP determined the partnership is ineligible to participate in the Federal crop insurance program based on failure to pay (premium and/or overpaid indemnity) associated with the (crop year) crop insurance policy by \_\_\_\_\_, the due date stated in the policy.

The AIP certified that the debt was not paid by the termination date, or date it was due, that the partnership was notified of the debt and the partnership was given the opportunity to dispute the amount and existence of the debt. Based on the terms of the policy and 7 CFR Part 400, Subpart U, after proper notification and ability to contest the debt, failure to pay these amounts when due renders the partnership ineligible to participate in the Federal crop insurance program. Pursuant to 7 CFR 400.684, if the ineligible person is a partnership, all partners will be individually ineligible.

In accordance with the terms of the policy and 7 CFR Part 400, Subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest. You will remain ineligible to participate from the date the debt was determined to be delinquent until the date eligibility is reinstated in accordance with 7 CFR 400.683. Once eligibility is reinstated, you must submit a new application to obtain crop insurance according to 7 CFR 400.685.

Since the determination that you and the partnership are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of the partnership's policy. If you have documentation to show that action taken to include you on the Ineligible Tracking System (ITS) by the Risk Management Agency (RMA) was in error, you may appeal the placement on ITS by RMA according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

Your ineligibility for Federal crop insurance may cause you to be ineligible for other USDA program benefits.

**AIP Debtors Notice of Ineligibility for Spouse of Indebted Individual**

The following is a sample letter used by RMA to notify a spouse of an individual determined ineligible for failure to pay a debt.

(USDA/RMA/FCIC Letterhead)

I. Was Insured

123 Any Street

City, State XXXXX-XXXX

Date: MM/DD/YYYY

Tax ID Number: XXXXX5555

ABC Insurance Company, (555) 555-5555

The above stated Approved Insurance Provider (AIP) notified our office that you are ineligible to participate in the Federal crop insurance program. The reason stated was the failure of your spouse to pay (premium and/or overpaid indemnity) associated with a (crop Year) crop insurance policy, by the due date stated in the policy.

The AIP certified that the debt was not paid by the termination date, or due date, that notification of the debt was provided to your spouse, that your spouse was provided the opportunity to dispute the amount and existence of the debt pursuant to 7 CFR 400.682. Based on the terms of the policy and 7 CFR Part 400, Subpart U, after proper notification and opportunity to contest the debt, failure to pay these amounts when due renders you and your spouse ineligible to participate in any program authorized by the Federal Crop Insurance Act.

According to the terms of the policy and 7 CFR Part 400, Subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest and you will remain ineligible to participate in the Federal crop insurance program from the date the debt was determined to be delinquent until the date eligibility is reinstated according to 7 CFR 400.683. Once eligibility is reinstated, you must submit a new application to obtain crop insurance according to 7 CFR 400.685.

Since the determination that you and your spouse are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of your policy. If you have documentation showing that action taken to include you on the Ineligible Tracking System (ITS) by the Risk Management Agency was in error, you may appeal the placement on ITS by RMA according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

Your ineligibility for Federal crop insurance may cause you to be ineligible for other USDA program benefits.

**Notice of Ineligibility for Controlled Substance Violation**

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The following is a sample letter used by RMA to notify persons of ineligibility because of a conviction of a controlled substance violation. RMA may modify the letter to address specific situations.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured

123 Any Street

City, State XXXXX-XXXX

Date: MM/DD/YYYY

Tax ID Number: XXXXX5555

This office has been notified that you have been convicted of a controlled substance violation that renders you ineligible for any program benefits under the Federal Crop Insurance Act (Act). On that basis, you will be ineligible for program benefits under the Act for ((crop year of conviction and the succeeding four crop years) or (time period determined by the court)).

If you are not the person that has been convicted of a controlled substance violation, you may appeal your ineligibility status according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Once eligibility is regained, you must submit a new application to obtain crop insurance according to 7 CFR 400.685.

Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

**Notice of Ineligibility for Disqualification, Suspension, or Debarment**

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The following is a sample letter used by RMA to notify persons of ineligibility because of disqualification, debarment and suspension. RMA may modify the letter to address specific situations.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured

123 Any Street

City, State XXXXX-XXXX

Date: MM/DD/YYYY

Tax ID Number: XXXXX5555

This office has been notified that you have been disqualified/debarred/suspended under (specify section of the Act or regulation). On this basis, you will be ineligible for any program benefits under the Act from (date) through (date).

If you are not the person that has been disqualified/debarred/suspended, you may appeal your ineligible status according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Once eligibility is regained, you must submit a new application to obtain crop insurance according to 7 CFR 400.685.

Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

**FCIC Debtors Notice of Ineligibility**

The following is a sample FCIC debtors notice of ineligibility letter used by.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured

123 Any Street

City, State XXXXX-XXXX

Date: MM/DD/YYYY

Tax ID Number: XXXXX5555

ABC Insurance Company, (555) 555-5555

(AIP name) notified this office of their determination that you have incurred a debt associated with unpaid catastrophic risk protection (CAT) administrative fees on a crop insurance policy reinsured under the Federal Crop Insurance Act. (AIP name) certified that the debt remains unpaid and you were given the opportunity to dispute the amount and existence of the debt. Based on the terms of your policy and 7 CFR Part 400, Subpart U, after proper notification and ability to contest the debt, failure to pay these amounts by the termination date renders you ineligible to participate in the Federal crop insurance program. If you have questions regarding the validity of these fees due us or previous payments made regarding these fees before the stated crop termination date, please contact (AIP name) at (555) 555-5555.

**Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.** According to the terms of the policy and 7 CFR Part 400 Subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest and you will remain ineligible to participate in the Federal crop insurance program from the date the debt was determined to be delinquent until the date the debt is satisfied and eligibility is reinstated according to 7 CFR 400.683. Once eligibility is reinstated, you must submit a new application to obtain insurance according to 7 CFR 400.685.

The collection of your CAT administrative fees has transferred to the Federal Crop Insurance Corporation (FCIC). Other amounts due, such as premium and overpaid indemnity, are payable to (AIP name). To pay your CAT administrative fee of \$ \_\_\_\_\_, remit payment by check or money order made payable to **Federal Crop Insurance Corporation** in the enclosed, **self-addressed envelope**. If the debt is not paid in full within 30 days of the date of this letter, please contact the Risk Management Agency (RMA) at 816-926-7299 for your current balance due, interest accrues the first of each month. **Please include your Tax Identification Number on the check or money order. DO NOT SEND CATASTROPHIC ADMINISTRATIVE FEE PAYMENTS TO (AIP name) OR YOUR AGENT.**

You may appeal your ineligibility with 30 days of your receipt of this notification according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing to: (NAD Regional Office Address).

Sincerely,

John Doe, Chief

Reinsurance Accounting and Eligibility Tracking Branch

**FCIC Debtors Notice of Ineligibility (Continued)**

I. Was Insured Date: MM/DD/YYYY  
 123 Any Street Tax ID Number: XXXXX5555  
 City, State XXXXX-XXXX

Insurance Provider: ABC Insurance Company Principal: \$300.00  
 Insurance Provider Phone #: (555) 555-5555 Accrued Interest: \$0.00  
 Total Debt Due: \$300.00

Details:

Policy Number	Reins Year	Crop Year	Crop Code	Crop Name	County Name	Unpaid Principal	Interest Amount
5555555	YYYY	YYYY	0000	XXXXXX	County	300.00	0.00

**Notice to Customers Making Payment by Check**

When you provide a check as payment, you authorize us either to use information from your check to make a [redacted] action.

*Privacy Act* – A Privacy Act Statement required by 5 U.S.C. § 552a(e)(3) stating our authority for soliciting and collecting the information from your check, and explaining the purposes and routine uses which will be made of your check information, is available from our internet site at (<http://www.fms.treas.gov/otcnet/index.html>), or call toll free at (1-866-945-7920) to obtain a copy by mail. Furnishing the check information is voluntary, but a decision [redacted]

Interest will continue to accrue at an annual rate of 15% until balance is paid in full.  
 Please attach your payment, (check, money order, or cashier’s check), made payable to  
**“FEDERAL CROP INSURANCE CORPORATION”**.

Mail to: Risk Management Agency/Federal Crop Insurance Corporation  
 PAAD/FAOB – STOP 0814  
 PO Box 419205  
 Kansas City, MO 64141-6205

RETAIN TOP PORTION FOR YOUR RECORDS

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 SUBMIT BOTTOM PORTION WITH PAYMENT

I Was Insured  
 123 Any Street  
 t  
 City, State XXXXX-XXXX

Date: MM/DD/YYYY  
 Tax Id: XXXXX5555

Total Debt Due: \$ 300.00

Amount Enclosed \$

**FCIC Debtors Notice of Ineligibility for Partners of Indebted Partnerships**

The following is a sample letter used by RMA to notify partners of ineligible partnerships for failure to pay CAT administration fees.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured

123 Any Street

City, State XXXXX-XXXX

Date: MM/DD/YYYY

Tax Id Number: XXX XX 5555

ABC Insurance Company, (555) 555-5555

The above stated Approved Insurance Provider (AIP) notified this office that you are a partner in the partnership of (name of partnership). The AIP determined the partnership is ineligible to participate in the Federal crop insurance program based on failure to pay catastrophic risk protection (CAT) administrative fees associated with the crop insurance policy by \_\_\_\_\_, the termination date as stated in the policy. A notification letter detailing the amount of administrative fees due, accrual of interest, and applicable collection procedures has been mailed to the partnership.

The AIP certified that the debt was not paid by the termination date, that the partnership was notified of the debt and the partnership was given the opportunity to dispute the amount and existence of the debt. Based on the terms of the policy and 7 CFR 400, Subpart U, after proper notification and ability to contest the debt, failure to pay these amounts when due renders the partnership ineligible to participate in the program. Pursuant to 7 CFR 400.684, if the ineligible person is a partnership, all partners will be individually ineligible. If you have questions regarding the validity of these fees due us or previous payments made regarding these fees before the stated crop termination date, please contact the above AIP.

According to the terms of the policy and 7 CFR 400.681(b), this determination will affect all insurable crops on all farming operations in which you have substantial beneficial interest and you will remain ineligible to participate in the Federal crop insurance program from the date the debt was determined to be delinquent until the date eligibility is reinstated according to 7 CFR 400.683. Once eligibility is reinstated you must submit a new application to obtain crop insurance according to 7 CFR 400.685.

Since the determination that you and the partnership are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of your policy. If you have documentation to show that action taken to include you or the partnership on the Ineligible Tracking System (ITS) by the Risk Management Agency (RMA) was in error, you may appeal the placement on ITS by RMA according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days upon receipt of this notification. Their address is (NAD Regional Office Address). Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

**FCIC Debtors Notice of Ineligibility for Spouse of Indebted Individual**

The following is a sample letter used by RMA to notify a spouse of an individual determined ineligible for failure to pay CAT administration fees.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax Id: XXXXX5555

ABC Insurance Company, (555) 555-5555

(AIP name) notified our office that you are ineligible to participate in the Federal crop insurance program. The reason stated was the failure of your spouse to pay catastrophic risk protection (CAT) administrative fees on a crop insurance policy reinsured under the Federal Crop Insurance Act, by the due date as stated in the policy. A notification letter detailing the amount of administrative fees due, accrual of interest, and applicable collection procedures has been mailed to your spouse.

The (AIP name) certified that the debt was not paid by the termination date, or due date, that notification was provided to your spouse, that your spouse was provided the opportunity to dispute the amount and existence of the debt, pursuant to 7 CFR 400.6824. Based on the terms of the policy and 7 CFR Part 400, Subpart U, after proper notification and opportunity to contest the debt, failure to pay these amounts when due renders you and your spouse ineligible to participate in any program authorized by the Federal Crop Insurance Act. If you have questions regarding the validity of these fees due or previous payments made regarding these fees before the stated crop termination date, please contact (AIP name).

Your ineligibility for Federal crop insurance may cause you to be ineligible for other USDA program benefits. According to the terms of the policy and 7 CFR Part 400, Subpart U, this determination will affect all insurable crops on all farming operations in which you have substantial beneficial interest and you will remain ineligible to participate in Federal crop insurance program from the date the debt was determined to be delinquent until the date the debt is satisfied and eligibility is reinstated. Once eligibility is reinstated, you must submit a new application to obtain insurance according to 7 CFR 400.685.

Since the determination that you and your spouse are ineligible was made by (AIP name), any dispute regarding the indebtedness must be made with (AIP name) according to the terms of your spouse's policy. If you have documentation showing that action taken to include you on the Ineligible Tracking System (ITS) by the Risk Management Agency (RMA) was in error, you may appeal the placement on ITS by RMA according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing within 30 days upon receipt of this notification to (NAD Regional Office Address).