



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-99-XXX

TO: All Reinsured Companies
All Risk Management Field Offices

FROM: Kenneth D. Ackerman
Administrator

SUBJECT: Emergency Financial Assistance to Farmers - Determination of Final 1999 Premium
Discount Percent and Adjustment Process

Background

The premium discount has generated greater demand than we had anticipated. The latest Summary of Business data shows that the number of policies sold is up five percent and acreage covered is up over nine percent. In addition, more farmers upgraded their coverage levels or purchased new buy-up policies than expected, and the number of producers qualifying for the scab/vomitoxin premium discount is far greater than estimated. This may result in final premium discount percentages that are lower than our original estimates.

Bulletin No.: MGR-99-002 Action item A. states that the exact amount of premium discount cannot be specified in advance, but is estimated to be 30 percent of the producer-paid premium. It further states that the premium discount depends upon a proration based on the total amount of eligible producer-paid premium, and that the actual premium discount percentage will not be known until most acreage reports have been processed. Bulletin No.: MGR-99-002.3 Action item states that the estimated total



1400 Independence Ave., SW • Stop 001 • Washington, DC 20250-0801

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

An Equal Opportunity Employer

premium for producers qualifying with multiple losses due to scab and/or vomitoxin damage is 50 percent. This percentage includes the estimated 30 percent of producer-paid premium previously announced in Bulletin No.: MGR-99- 002. The final percentage discount for scab and/or vomitoxin damage will be determined after qualifying acreage reports have been received from the reinsured companies.

Action

To ensure that within funds available, all eligible producers and associated premium are included in the determination of the final premium discount percentages, the following process will be used:

- A. The final premium discount percentages will be determined based upon premiums of record as of the December monthly accounting report cut off date (December 11, 1999), and will be announced by January 20, 2000.
- B. If the final premium discount percentages fall below the original estimates resulting in additional producer-paid premium due, RMA will provide additional time for companies to bill and collect unpaid premium from producers. Producer premiums collected by companies must be reported on the monthly accounting report submitted in the next calendar month after collection. Therefore, final settlement with a company for this additional premium due will be made on the 2000 Reinsurance Year Annual Accounting Report submitted in February, 2001.
- C. If a producer does not pay the amount of unpaid premium that is due, the amount is considered a debt. In cases of indebtedness for amounts due resulting from a lower final premium discount percentage, RMA will allow reinsured companies flexibility when considering the policy terminated for indebtedness, and thus program eligibility. For these cases, companies may defer any determination for program eligibility until the 2000 crop year termination date.