



**United States Department of Agriculture**

Farm and Foreign Agricultural Services  
Risk Management Agency

**BULLETIN NO: MGR-99-002.1**

TO: All Reinsured Companies  
All Risk Management Field Offices  
All Other Interested Parties

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 2-1-99  
Administrator

SUBJECT: Emergency Financial Assistance to Farmers

**BACKGROUND:**

Several issues have been raised since the issuance of MGR-99-002 and through the industry-Risk Management Agency (RMA) work group addressing program implementation. The additional guidance in this bulletin along with MGR-99-002 is intended to answer questions that arise in implementing the provisions resulting from the Emergency Financial Assistance.

**ACTION:**

A. Crop Insurance Premium Incentive Discount (Premium Discount)

Issues related to reflecting the Premium Discount on producer premium billing statements, Data Acceptance and Reinsurance Accounting System processing requirements, etc. will be addressed in a separate issuance in the very near future.

B. Premium Discount for Producers with Multiple Losses Due to Scab and/or Vomitoxin

1. The two years of insurance, the two years of discounted prices, and the small grain crop(s) affected by scab and/or vomitoxin need not be the same (i.e. Insured 1995 and 1996 wheat but had scab on 1997 and 1998 barley). The scab discount can only be applied to the same entities (SSN or EIN) that qualified for the discount.



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2. Reinsured companies may use insurance claim forms (e.g. appraisal worksheets, production worksheets, etc.) for wheat, barley, oats, or rye that specify a cause of loss for scab and/or vomitoxin as documentation that will qualify a producer for the scab discount when production was not harvested and/or sold. Conditions known to be directly attributable to scab disease, such as excess precipitation or excess moisture shown as a cause of loss for these crops may also be considered if scab and/or vomitoxin can be documented by an independent third party (elevator, extension service, agronomist, etc.) as conditions prevalent for the crop and crop year in the particular area.
3. In certain cases wheat, barley, oats or rye that was affected by scab and/or vomitoxin may have been delivered to a local elevator; however, the settlement sheet or similar document may not explicitly identify scab or vomitoxin. In those areas where scab and/or vomitoxin can be documented as a condition prevalent for the crop and crop year, reinsured companies may accept a certification statement from the local elevator in which the wheat, barley, oats or rye was delivered by the producer that verifies the grain was infected with scab and/or vomitoxin and that such grain was discounted in price as a result.

C. Application Period to Facilitate Premium Discounts

1. In general, any change in coverage that is made either on an application or contract change form is allowed as long as the coverage increases (CAT to Limited, Limited to Additional) or the coverage level and price election is not lowered (i.e. A wheat insured at 65/100 may add winter coverage endorsement A or B but may not lower the coverage level or price election. An apple grower may add a Sunburn option to his/her existing coverage but may not lower the coverage level or price election). Additionally, an insured could change to an insurance plan with a lower price (e.g. APH with a \$3.30 price to CRC with a \$2.99 price).

These policies will be considered Revised applications for purposes of Section E. Reinsurance Fund Designation of Bulletin MGR-99-002.

2. The acreage and production reporting dates for catastrophic risk protection (CAT) policies that are written after the extended application deadline for linkage purposes (through April 28, 1999) will be as follows: 1) For those policies in which the crop was planted on or before December 31, 1998, (e.g. winter wheat) or the crop is a perennial crop, the insured must provide the acreage and production at the time of the CAT application. 2) For spring crops, the acreage and production reports must be submitted the later of May 29, 1999, or the latest spring acreage reporting date specified in the policy/special provisions.

3. Written agreement deadlines are extended consistent with the dates outlined in MGR-99-002, D. Application Period to Facilitate the Premium Discounts.
4. Only insureds who purchase or increase coverage during the extended application period provided by MGR-99-002 may report and/or revise acreage and production reports. Acreage that was originally reported can not be deleted unless the insurance plan elected by the extended date does not cover that acreage (e.g. short rated wheat).
5. For crops with an extended acreage reporting date under MGR-99-002 or MGR-99-002.1 administrative expense reimbursement reductions will not apply.
6. Crop inspections for determining pre-existing damage are not required.
7. The Pecan Pilot program is a two year insurance contract beginning in the 1998 crop year. Insurance coverage for a Pecan policy written beginning with the 1998 crop year can not be increased for the 1999 crop year. The premium discount will be applicable for 1999 Pecan policies at the limited or additional coverage levels.

D. Nursery Policies

1. Uninsured growers will be able to buy either the old (056) or the new (073) nursery policy for crop year 1999 even though the sales closing date on 056 has passed.
2. Current insureds may buy-up to higher levels of either plan.
3. Current insureds may switch plans from 056 to 073 but not from 073 to 056.
4. If an insured changes from 056 to 073 on container plants and all other coverage stays the same or increases, the 30 day waiting period would be waived. The 30 day waiting period is not waived for field grown plants insurable as a result of this policy conversion.

E. Disaster Payment Crop Insurance Requirement

Reinsured companies are not required to verify compliance with the 2 year crop insurance requirement for producers receiving disaster assistance. The Farm Service Agency and RMA will share automated records of insurance policies processed for verifying compliance with the insurance purchase requirement.

**DISPOSAL:** This bulletin is effective until December 31, 1999.