



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO: MGR-99-002.2

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

FROM: Kenneth D. Ackerman /s/ Robert J. Prchal 2-10-99
Administrator

SUBJECT: Emergency Financial Assistance to Farmers

BACKGROUND:

In follow up to MGR-99-002.1 Action item A, the following guidelines are provided to address implementation provisions for the crop insurance premium incentive discount (premium discount) resulting from the Emergency Financial Assistance.

ACTION:

A. Crop Insurance Premium Incentive Discount (Premium Discount)

1. Billing -- For crops with billing dates after February 1, 1999, companies will deduct the estimated 30 percent premium discount from the producer premium on the billing statement. The following language must be included to notify producers of the additional reduction in premium:

“Your premium has been reduced by an estimated 30 percent, resulting from funds made available by USDA for Emergency Financial Assistance.”

For crops that have already been billed and in which payment has been received by the company, the estimated 30 percent discount must be calculated and



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refunded to the producer no later than April 1, 1999. Risk Management Agency (RMA) recommends that companies provide an enclosure with the refund check stating the reason for the refund. Similar language, as stated above, may be used in this notification.

2. Premium Discounts and Loss Processing -- By not later than March 1, 1999, Claims for Indemnity should be applied against the producer premium after reductions for any applicable premium discount, prior to issuance of any indemnity check to the producer. Companies should follow the refund process mentioned above if producer premium, without reduction of any applicable discount, was deducted and retained by the company for losses processed prior to March 1, 1999.
3. Data Processing -- The Data Acceptance System (DAS) is being modified in accordance with the draft Manual 13 slip sheets issued January 22, 1999. Exhibit 11-10 of the draft slipsheets contains an additional step for determining producer premium to include reduction for premium discounts. This allows the Reinsurance Accounting System to continue recognizing the "Producer Premium" amount as premium due from the reinsured company. Reinsured companies must only collect and report to DAS this adjusted "Producer Premium" amount. Reinsured companies may begin submitting data with producer premium reflecting applicable premium discount amounts on March 1, 1999. However, through the April accounting cutoff, reinsured companies may continue to submit data to DAS utilizing the previous record formats without being rejected.

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