



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

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TO: All Reinsured Companies
All Risk Management Agency Field Offices

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 9-27-99
Administrator

SUBJECT: Plans for Implementing Premium Discounts for 2000 Fall Crops

The House-Senate Conference Committee has been meeting in Washington, D.C., to finalize an Agriculture Appropriations Bill for fiscal year 2000. That legislation contains a sizeable emergency aid package for farmers suffering from sharp commodity price declines and weather losses.

It is also widely anticipated that the legislation will provide for a crop insurance premium discount for crop year 2000 buy-up policies, similar to the highly popular 30 percent discount for buy-up policies provided in 1999. Last year, when the 30 percent discount program was instituted several months after the relevant fall sales closing dates, the Risk Management Agency (RMA) provided a special period for late applications for affected farmers.

RMA has received a number of inquiries as to whether it will extend the current September 30, 1999, sales closing date for fall planted crops so that affected farmers can participate now in a new premium discount program for 2000 crop year crops, even though the Agriculture Appropriations bill has not yet been finalized. RMA does not have a basis to extend the September 30, 1999, sales closing date until legislation is enacted by Congress.



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

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If the final 2000 Agriculture Appropriations bill is enacted before losses have occurred and it contains a premium discount program for 2000 crop year crops as anticipated, RMA intends to provide a period for fall crop producers to participate even if the September 30 deadline has passed. Following last year's approach, a limited period for late applications will be provided beginning as soon as possible upon enactment of the legislation. During this period, farmers would have an opportunity to continue or upgrade existing buy-up crop insurance policies or to purchase new buy-up policies.

While it is widely anticipated that the pending Agriculture Appropriations bill will in fact contain a premium discount provision, the outcome of legislative debates is always uncertain. Beyond the actual inclusion of a premium discount provision, both the amount and timing remain to be determined by Congress. Farmers should confer with local crop insurance agents and make the best possible decisions based on existing program features and currently available information within the current sales closing dates.

RMA will announce further details of any potential premium discount program for crop year 2000 crops, including a late application period procedures, once the appropriate legislation is enacted.