

United States Department of Agriculture March 30, 2004

Risk Management

TO: All Reinsured Companies

BULLETIN NO.: MGR-04-005

Managemen Agency

All Risk Management Agency Field Offices

All Other Interested Parties

1400 Independence Avenue, SW Stop 0801 Washington, DC 20250-0801

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Administrator

SUBJECT: First and Second Crop Acreage Certification Forms

BACKGROUND:

Insurance providers have requested to use a standard certification form to assist in the administration of policy provisions relating to the first insured crop and second crop acreage.

ACTION

FROM:

Insurance providers may use a certification form to assist in the administration of policy provisions relating to first insured crop and second crop acreage, for increased understanding by policyholders and to assure program integrity. Insurance Providers:

- At their option, may use the certification form for planted acreage only, prevented planting acreage only, or both;
- Must use the following minimum standards and include the following statements found in the Document Supplemental Standards Handbook 24040, False Claims Statement Exhibit 4, Collection of Information and Data Statement (Privacy Act) Exhibit 6, and Nondiscrimination Statement Exhibit 7; and
- Are not required to submit the form to the Risk Management Agency for approval.

The minimum standards for first insured crop and second crop acreage certification forms must provide the insured:

- (1) For planted first insured crop acres, the option to:
 - (a) Not plant a second crop and receive 100 percent of the first insured crop indemnity;
 - (b) Plant and not insure the second crop acreage and receive 100 percent of the first insured crop indemnity;
 - (b) Plant and insure a second crop and receive a reduced first insured crop indemnity equal to 35 percent; or
- (2) For prevented planting first insured crop acres, the option to:
 - (a) Not plant a second crop and preserve 100 percent of the first insured crop prevented planting payment; or
 - (b) To have a second crop on the acreage and receive a reduced prevented planting payment.

In those situations where the policyholder elects to plant and insure the second crop acreage, the certification form may provide the policyholder the option to maximize the indemnities earned in a crop year, consistent with policy provisions, by collecting the 35 percent indemnity for the first insured crop and having the insurance provider automatically calculate and pay the higher of:

- (1) 100 percent of the first insured crop indemnity (with rejection of the indemnity for the second crop and payment of the additional 65 percent of the indemnity for the first insured crop); or
- (2) 35 percent of the first insured crop indemnity and 100 percent of the second crop indemnity (with payment of the 100 percent of the second crop indemnity).

Based on a policyholder's certification, insurance providers may take such actions to finalize claims and make payments in accordance with policy provisions.

DISPOSAL DATE:

This bulletin will remain in effect until incorporated into the Document and Supplemental Standards Handbook, FCIC-24040.