



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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BULLETIN NO.: MGR-14-006

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Brandon C. Willis /s/ *Brandon C. Willis* 6/30/2014
Administrator

SUBJECT: Agricultural Act of 2014 - Interim Rule - Farm Bill Amendment

BACKGROUND:

The Risk Management Agency (RMA) has developed an Interim Rule that is effective June 30, 2014, that amends various crop insurance policies as a result of changes made by the Agricultural Act of 2014 (commonly referred to as the 2014 Farm Bill), enacted on February 7, 2014. Highlights of the changes include:

- Highly-Erodible Land and Wetland Conservation provisions that require insureds to comply with conservation compliance requirements or become ineligible for premium subsidy. For acts or situations of non-compliance, ineligibility for premium subsidy will be applied beginning with the 2016 reinsurance year;
- Enterprise Units for Irrigated and Non-Irrigated Crops which makes available insurance coverage by separate enterprise units based on irrigated and non-irrigated acreage of the crop within the county, as specified in the actuarial documents;
- Adjustment in actual production history to establish insurable yields that allows insureds to exclude any recorded or appraised yield for any crop year in which the per planted acre yield in the county is at least 50 percent below the simple average for the crop in the county for the previous 10 consecutive crop years, and allows insureds in any county contiguous to a county in which an insured is eligible to exclude a recorded or appraised yield to also elect a similar adjustment;
- Crop production on Native Sod that applies a reduction of premium subsidy, a reduced insurance guarantee, and eliminates substitute yields in the insurance guarantee during the first four crop years that land is converted from native sod to the production of an annual crop in the States of Iowa, Minnesota, Montana, Nebraska, North Dakota, and South Dakota;
- Coverage levels by practice that allows producers to elect a different level of coverage for an agricultural commodity by irrigated and non-irrigated acreage, as specified in the actuarial documents;
- Beginning farmer and rancher provisions that establish crop insurance benefits for beginning farmers and ranchers by increasing the premium subsidy available by ten percentage points, allowing the use of yield history from any previous farm or ranch operation in which they had decision making or physical involvement, and replaces

a low yield in their actual production history with a yield equal to 80 percent of the applicable transitional yield; and

- The authority to correct errors that allows for the correction of errors in information obtained from the producer within a reasonable amount of time, as long the correction is consistent with information provided to other agencies of the Department of Agriculture, subject to certain limitations for maintaining program integrity. The provisions also provide for the payment of debt after the termination date in accordance with procedures and limitations established by the FCIC, if a producer inadvertently fails to pay a debt and has been determined to be ineligible to participate in the Federal crop insurance program.

The Farm Bill Amendments will be effective for the 2015 and succeeding crop years for all crops with a 2015 contract change date on or after June 30, 2014, and for the 2016 and succeeding crop years for all crops with a 2015 contract change date prior to June 30, 2014. Note that certain provisions contained within the amendments are effective when shown on the actuarial documents. The Farm Bill Amendments modify each of the following plans of insurance:

- Area Risk Protection Insurance Basic Provisions
- Common Crop Insurance Policy Basic Provisions
- Catastrophic Risk Protection Endorsement
- Livestock Gross Margin for Cattle Insurance Policy Basic Provisions
- Livestock Gross Margin for Dairy Cattle Insurance Policy Basic Provisions
- Livestock Gross Margin for Swine Insurance Policy Basic Provisions
- Livestock Risk Protection Insurance Policy Basic Provisions
- Rainfall and Vegetation Index Plan of Insurance Basic Provisions

The Interim Rule on file at the Office of the Federal Register is attached and will also be available on the RMA website by close of business today at <http://www.rma.usda.gov/regs/>. The corresponding Farm Bill Amendments will be available on the RMA website by the close of business today at: <http://www.rma.usda.gov/policies/2015policy.html>. RMA plans to fully incorporate the contents of the amendments into each of the respective policies and will, at a later date, place them on the RMA website for ease of use, administration and for any new policy sales in the future.

ACTION:

Insurance providers must notify policyholders of these changes at least 30 days prior to the cancellation date as required by the contract change section of the policy.

DISPOSAL DATE:

December 31, 2015