

United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



# INELIGIBLE TRACKING SYSTEM HANDBOOK

**2019 and Succeeding Crop Years**

FCIC-24050  
(11-2018)



United States Department of Agriculture  
Risk Management Agency  
Kansas City, Missouri 64133

|  |  |
|--|--|
| <b>TITLE:</b> 2019 Ineligible Tracking System Handbook           | <b>NUMBER:</b> FCIC 24050  |
| <b>EFFECTIVE DATE:</b> 2019 crop year and succeeding crop years. | <b>ISSUE DATE:</b> <b>November 21, 2018</b>                                    |
| <b>SUBJECT:</b><br><br>2019 Ineligible Tracking System Handbook  | <b>OPI:</b> Product Administration and Standards Division                      |
|  | <b>APPROVED:</b>   |
|  | <i>/s/ Richard Flournoy</i><br><br>Deputy Administrator for Product Management |

**REASON FOR ISSUANCE**

This handbook provides the official FCIC standards and instructions for use in administering the Ineligible Tracking System, provides procedures, instructions, and examples of notification letters consistent with the amended regulations at 7 CFR Part 400, Subpart U and in accordance with the Standard Reinsurance Agreement for the 2019 and succeeding crop years.

## SUMMARY OF CHANGES

The chart below identifies significant changes or modifications from prior issuances of the ITS Handbook. Minor changes and corrections are not included in this listing.

| REFERENCE         | DESCRIPTION OF ADDITIONS, DELETIONS, CHANGES OR CLARIFICATIONS  |
|-------------------|---|
| Para. 1           | Clarified purpose, added debt management email address, source of authority and updated issuance authority.   |
| Para. 2           | Added reference to GSH for Acronyms and Definitions (removed from Exh. 1).  |
| Para. 3           | Added Title VI of the Civil Rights Act of 1964.   |
| Para. 4           | Added Privacy Act of 1974.  |
| Para. 5           | Clarified AIP and PAAD responsibilities.  |
| Para. 202         | Updated ITS record types to be consistent with Appendix III. Clarified how applicable record types will be used to establish an ineligible record. Clarified that transmitting the I60 records is considered certifying the person as ineligible.   |
| Para. 301         | Clarified a delinquent debt does not include debts discharged in bankruptcy and CAT administrative fees prior to crop year 1998 are not established as a delinquent debt. Revised conviction criteria to delineate whether a person is convicted or disbarred, disqualified, or suspended. Explained disbarment, disqualification, suspension criteria. |
| Para. 302         | Added verification of eligibility status requirement for ITS.   |
| Para. 311         | Clarified the effect of ineligibility.  |
| Para. 313         | Explained difference between date of delinquency and effective date of ineligibility. Clarified 7-day transit rule and ineligibility effective date falling on a weekend or federal holiday.  |
| Para. 313C        | Added examples for policies with a SCD prior to the Termination Date  |
| Para. 324         | Clarified ineligibility of Landlords and Tenants when insured on the other's policy.  |
| Para. 325         | Clarified joint and several liabilities for Transferors and Transferees.  |
| Para. 328         | Explained the effect of ineligibility for Executors, Grantors, and Personal Representatives of an estate or trust.  |
| Para. 351         | Revised and clarified notification of debt requirements for the AIP. Added notification requirements for other amounts due and associated billing statements. Revised review requirements for a meaningful opportunity to contest the amount and existence of the debt by the insured.  |
| Para. 411         | Clarified a written payment agreement may cover multiple crops if the termination date is the same for each crop.   |
| Para. 412         | Clarified if a debt in a written payment agreement is modified by policy conditions, then the remaining debt must be paid within the same payment schedule.   |
| Para. 415         | Added the effect of written payment agreements and AIP Authorized reinstatement conditions.   |
| Para. 416         | Added ITS Transmission requirements for written payment agreements.   |
| Part 4, Section 3 | Referenced RMA Administrator and AIP Authorized Reinstatement procedures in GSH Part 7.   |

| REFERENCE         | DESCRIPTION OF ADDITIONS, DELETIONS, CHANGES OR CLARIFICATIONS   |
|-------------------|--|
| Part 4, Section 4 | Added Bankruptcy procedures to explain the effect of a bankruptcy filing, dismissal, discharge on a person's eligibility. Explained the requirement of the person to receive an order to incur future crop insurance debt from the court to regain eligibility. Added ITS transmission requirements for bankruptcy filing, dismissal, and discharge. |
| Para. 462         | Revised criteria for retaining, regaining, reestablishing, and reinstating eligibility.  |
| Para. 463         | Added debt write-off authority to retain or reinstate eligibility.   |
| Part 5, Section 3 | Added Whole Farm Revenue Protection Policy termination procedures.   |
| Part 5, Section 6 | Added Dairy to Livestock Gross Margin Policy-Swine termination procedures.   |
| Part 5, Section 8 | Added Dairy Revenue Protection Insurance Policy termination procedures.  |
| Para. 563         | Added examples for failure to make scheduled payment under written payment agreement.  |
| Para. 603         | Added Voidance Effective Date for WFRP and RMA Administrator and AIP Authorized reinstatement when there is incidence of misrepresentation, concealment, or fraud.   |

## CONTROL CHART

|        | TP Page(s)      | TC Page(s) | Text Pages | Date          | Directive Number |
|--------|-----------------|------------|------------|---------------|------------------|
| Remove | Entire Handbook |            |            | January 2014  | FCIC 24050       |
| Insert | Entire Handbook |            |            | November 2018 | FCIC 24050       |

## FILING INSTRUCTIONS

This directive is effective on the date issued and will remain in effect until superseded or slip-sheeted. RMA will amend this directive to administer programs reinsured by FCIC under authority of the Federal Crop Insurance Act, 7 U.S.C. 1502 et. seq. FCIC-24050 Ineligible Tracking System Handbook issued January 15, 2014, is superseded by this directive.



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# PART 1 GENERAL INFORMATION AND RESPONSIBILITIES

## 1 General Information

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### A. Purpose and Objective

This handbook provides procedures and instructions for:

- (1) administering the ITS;
- (2) identifying and notifying ineligible persons; and
- (3) implementing RMA and AIP reinstatement.

The ITS is a tool to aid in identifying ineligible persons. The system contains identifying information of ineligible persons, including but not limited to the:

- (1) reason for ineligibility; and
- (2) time period of ineligibility.

RMA maintains the ITS to aid AIPs, partners, cooperators, and contractors in identifying ineligible persons. The ITS may not include all ineligible persons, such as but not limited to, persons debarred, disqualified or suspended from receiving government benefits by an agency other than RMA.

Whether or not a person is identified in ITS does not change the eligibility status of the person. AIPs, partners, cooperators, and contractors must ensure the persons with whom they are doing business are eligible to participate in the programs authorized by the Act.

### B. Source of Authority

Federal programs enacted by Congress and the regulations and policies developed by RMA, USDA, and other Federal agencies provide the authority for program and administrative operations; and basis for RMA directives. Administration of the Federal crop insurance program is authorized by the following.

- (1) The Federal Crop Insurance Act, 7 U.S.C. 1501
- (2) The Food Security Act of 1985, 16 U.S.C. 3801 et seq.
- (3) Controlled Substance Act of 1970, 21 U.S.C. 801 et seq.
- (4) Personal Responsibility and Work Opportunity Reconciliation Act of 1996, 42 U.S.C. 653a
- (5) Privacy Act of 1974, 7 U.S.C. 552a
- (6) Title 21 U.S.C., Chapter 13
- (7) 7 CFR part 400
- (8) 7 CFR part 12
- (9) Standard Reinsurance Agreement, Livestock Price Reinsurance Agreement

# 1 General Information (Continued)

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## C. Related Handbooks

The following table provides handbooks related to this handbook.

| HANDBOOK     | RELATION/PURPOSE   |
|--------------|--|
| Appendix III | Provides the ITS requirements for PASS processing.   |
| DSSH         | <p>Provides form standards and procedures for use in the sales and service of crop insurance contracts. Provides submission and review procedures for non-reinsured supplemental policies.</p> <p>AIP forms must meet the form standards as provided in the DSSH. The DSSH provides the substantive elements for AIP form development including conflict of interest, nondisclosure, and Privacy Act statements.</p>   |
| GSH          | Provides the official FCIC approved standards for policies administered by AIPs under the General Administrative Regulations, 7 CFR Part 400; Common Crop Insurance Policy Regulations, Basic Provisions, 7 CFR Part 457 including the Catastrophic Risk Protection Endorsement, 7 CFR Part 402 and the Actual Production History Regulation 7 CFR Part 400 Subpart G; the Area Risk Protection Insurance Regulations, 7 CFR Part 407; Stacked Income Protection Plan; the Rainfall and Vegetative Indices; and the Whole Farm Revenue Protection Pilot Policy for the 2016 and succeeding crop years. |

## D. Procedural Issuance Authority

This handbook is written and maintained by:

Office of Deputy Administrator for Product Management  
Product Administration and Standards Division  
USDA—Risk Management Agency  
Beacon Facility—Mail Stop 0812  
P.O. Box 419205  
Kansas City, MO 64141-6205

## E. Procedural Questions

Questions regarding producer eligibility, this handbook, and associated procedures must be directed to the RMA Product Administration and Standards Division, Underwriting Standards Branch using the address in D above. Procedural questions regarding the ITS may also be emailed to [debt.management@rma.usda.gov](mailto:debt.management@rma.usda.gov).

AIPs are to refer persons with questions or inquiries regarding their individual ITS status to the RMA debt line at (816)926-7299. No specific information regarding a person's ITS status will be answered by RMA via email to the individual.

## **1 General Information (Continued)**

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### **F. Applicability**

The procedures in this handbook apply for the 2019 and succeeding crop years for all policies.

## **2 Acronyms and Definitions**

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Refer to the GSH for applicable acronyms and definitions.

## **3 Title VI of the Civil Rights Act of 1964**

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The USDA prohibits discrimination against its customers. Title VI of the Civil Rights Act of 1964 provides that “No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.” Therefore, programs and activities that receive Federal financial assistance must operate in a non-discriminatory manner. Also, a recipient of RMA funding may not retaliate against any person because he or she opposed an unlawful practice or policy, or made charges, testified or participated in a complaint under Title VI.

It is the AIPs’ responsibility to ensure that standards, procedures, methods and instructions, as authorized by FCIC in the sale and service of crop insurance contracts, are implemented in a manner compliant with Title VI. Information regarding Title VI of the Civil Rights Act of 1964 and the program discrimination complaint process is available on the RMA public website at [www.rma.usda.gov/aboutrma/civilrights/complaint.html](http://www.rma.usda.gov/aboutrma/civilrights/complaint.html).

## **4 The Privacy Act of 1974**

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The [Privacy Act of 1974, 5 U.S.C. § 552a](#) (Privacy Act), establishes a code of fair information practices that governs the collection, maintenance, use, and dissemination of information about individuals that is maintained in systems of records by federal agencies. A system of records is a group of records under the control of an agency from which information is retrieved by the name of the individual or by some identifier assigned to the individual.

In accordance with the Privacy Act, the Risk Management Agency is authorized by the Federal Crop Insurance Act or other Acts, and the regulations promulgated thereunder, to solicit the information requested on documents established by RMA, or by AIPs, that have been approved by the FCIC, to deliver Federal crop insurance. The information is necessary for AIPs and RMA to operate the Federal crop insurance program, determine program eligibility, conduct statistical analysis, and ensure program integrity.

## 5 Responsibilities

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### A. AIP Responsibilities

AIPs must:

- (1) verify the eligibility status of applicants and insureds;
- (2) maintain security of data files, records, and reports according to the Privacy Act and 7 CFR Part 400, Subpart Q;
- (3) notify applicable RMA Regional Compliance Office of known or suspected cases of:
  - (a) violations of the controlled substance provisions of the Food Security Act of 1985 or Title 21 U.S.C., Chapter 13; or
  - (b) fraud, misrepresentation, or use of a material scheme or **device** relating to a Federal crop insurance program or policy;
- (4) provide written notice of debt to the person according to Para. 351;
- (5) ensure all requirements according to Para. 351A are met before certifying a debtor to ITS;
- (6) maintain supporting documentation regarding a determination of delinquent debt and its resolution according to Para. 351B and C;
- (7) upon request, send **RMA** documentation and evidence of the person's delinquent debt and notification of such debt, including but not limited to:
  - (a) applications;
  - (b) acreage reports;
  - (c) claims;
  - (d) correspondence;
  - (e) billing statements;
  - (f) pre-termination letters and responses to such;
  - (g) demand letters and responses to such;
  - (h) **requests for AIP reinstatement**; and
  - (i) notice of debt;
- (8) transmit a **I60 and I60A, and I60B or I65**, if applicable, to RMA certifying a debtor for affected persons, including all SBI holders for general partnerships and joint ventures;
- (9) delete incorrect **I60** Record within seven days of initial transmission; and
- (10) transmit a **P49** Record deleting any insured data submitted prior to a determination of ineligibility effective for the current crop year.

**B. PAAD Responsibilities**

PAAD will:

- (1) develop, test, and maintain the record descriptors, database, and data processing requirements and programming for ITS;
- (2) assure proper security is maintained for access to ITS;
- (3) generate, review, and distribute Notices of Ineligibility;
- (4) update ITS with appropriate data indicating eligible or ineligible status at the completion of an appeal;
- (5) provide a Notice of Debt to FCIC debtors and certify ITS records for FCIC debtors;
- (6) provide a Notice of Ineligibility to persons disqualified, debarred, suspended or convicted of controlled substance violations;
- (7) process eligibility reinstatements and, when applicable, delete AIP ITS records per written request submitted to PAAD for additional coverage policies after the seven-day period, and for all CAT I60/I65 Record delete requests;
- (8) maintain ITS records for FCIC debtors, persons disqualified, debarred, suspended or convicted of controlled substance violations;
- (9) maintain AIP records which are requested by RMA and submitted as documentation and evidence of delinquent debt as related to Notice of Ineligibility;
- (10) prepare reports as requested;
- (11) modify or define ITS requirements for PASS processing that will be specified in Appendix III;
- (12) provide assistance to AIPs, RMA offices, and others, as needed;
- (13) transmit ineligible producer file I61 output file to AIPs;
- (14) respond to inquiries regarding ITS errors;
- (15) reject PASS records that are identified as ineligible;

## **5 Responsibilities (Continued)**

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### **B. PAAD Responsibilities (continued)**

- (16) amend Appendix III, as appropriate; and
- (17) review AIP's operations to determine compliance with the provisions of Subpart U and this handbook as part of the financial review process.

### **C. PASD Responsibilities**

- (1) assure ITS is properly defined in the System of Records;
- (2) revise 7 CFR Part 400, Subpart U, as appropriate;
- (3) update this handbook, as appropriate;
- (4) contact AIP for supporting documentation whenever a person files a request for an appeal relating to being placed on ITS;
- (5) represent RMA in NAD hearings; and
- (6) provide assistance regarding 7 CFR Part 400, Subpart U and this handbook.

### **D. RMA Regional Compliance Office's Responsibilities**

RMA Regional Compliance Offices will notify appropriate authorities, including FSA, of known or suspected cases of:

- (1) violations of the controlled substance provisions of the Food Security Act of 1985 or Title 21 U.S.C., Chapter 13; or
- (2) fraud, misrepresentation, or use of a material scheme or devise relating to a Federal crop insurance program or policy.

For applicable RMA Regional Compliance office contacts referenced throughout this handbook, refer to [www.rma.usda.gov/aboutrma/fields/](http://www.rma.usda.gov/aboutrma/fields/).

## **6 Maintaining Supporting Documentation**

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AIPs must maintain supporting documentation regarding a determination of delinquent debt and its resolution for a period of three years after the resolution of the debt. Supporting documentation must be maintained indefinitely if a delinquent debt is not resolved, such as the debt never being satisfied or **not being** discharged through bankruptcy.

## **7-200 (Reserved)**

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## PART 2 ITS, REPORTING, ADMINISTRATION AND MAINTENANCE

### 201 Ineligible Tracking System

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The **Ineligible Tracking System** (ITS) is a system designed to track producers who are ineligible to participate in any program administered by RMA under the Act, including CAT and additional coverage programs, and private insurance products authorized under the Act and reinsured by FCIC.

A person will be placed on ITS for any delinquent debt as of termination date, or any other applicable due date, and may be removed pending the outcome of any dispute resolution. Affected persons will be provided an opportunity to contest and resolve a delinquent debt, or to contest the findings of an administrative proceeding, before a determination of ineligibility will be made by the AIP. Options to contest and resolve a delinquent debt may include, depending on the policy, mediation, arbitration, judicial review, or appeal to NAD. See Part 4 for procedure regarding dispute resolutions before certifying a person ineligible.

Persons debarred or suspended by FCIC and persons convicted of controlled substance violations will also be placed on ITS.

All persons applying for or renewing **existing** policies for programs administered by FCIC will be subject to validation of their eligibility status using ITS. Applications, **transfers**, or benefits approved and accepted are considered approved or accepted subject to review of eligibility status.

### 202 Transmitting Records to ITS

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AIP must transmit an **I60 and I60A Record, and an I60B and I65 Record**, if applicable, to ITS for all affected persons, including all SBI holders. SBI holders include, but are not limited to, spouses, minors, and members and partners of general partnerships, joint ventures, limited partnerships, limited liability partnerships, and limited liability companies. A revocable trust and the grantor of such trust are considered to be the same person for crop insurance purposes. **AIPs transmitting any of these records are certifying that a person is ineligible.**

Ineligible transferees and transferors under transfer of **coverage and** right to indemnity are both certified and transmitted in the same manner as other policy debtors.

The records must be transmitted not later than 21 days after the applicable ineligibility date, or not later than 21 days **after** failure to make payments under a written payment agreement.

See **Para. 313** for the applicable ineligibility date. Failure to timely certify debtors according to these procedures may result in a delay in denying program benefits to the person.

If the date of ineligibility falls on a Saturday, Sunday, or Federal holiday, the next business day will apply for determining the record submission deadline. If the resulting 21<sup>st</sup> calendar day also falls on a Saturday, Sunday, or Federal holiday, the next business day will be the deadline.

## **202 Transmitting Records to ITS (Continued)**

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The I60 Record in conjunction with an I60A Record, I60B Record and I65 Record, if applicable, will be used to:

- (1) initially establish ineligibility;
- (2) reestablish eligibility;
- (3) reestablish ineligibility related to defaulted written payment agreements, or dismissals of bankruptcies;
- (4) reinstate eligibility when reinstatement is granted by the AIP or RMA; and
- (5) I65 record will establish the receivable for CAT policies.

I60 Records must be submitted to ITS not later than 21 days after the date of a resolution of the delinquent debt, notification of dismissal of a bankruptcy for cause, or failure to make payments under a written payment agreement.

When a specific time limit is set for ineligibility, such as for a controlled substance violation, ITS will automatically restore eligibility at the end of the time limit.

## **203 Deleting Incorrect Records**

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AIP must delete any incorrect I60 Record within seven days of initial transmission. Any deletions required after seven days must be submitted with documentation to PAAD. All requests to delete CAT I60 or I65 records must be submitted to PAAD with the appropriate documentation.

## **204-300 (Reserved)**

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## PART 3 INELIGIBILITY

### Section 1: Criteria

#### 301 Ineligible Persons

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To participate in the crop insurance program a person must be eligible. To be eligible the person must be:

- (1) competent;
- (2) of legal majority;
- (3) possess an insurable share of the crop;
- (4) possess the applicable identification number and person type; and
- (5) must not be ineligible.

#### A. Criteria for Ineligibility

A person is ineligible to participate in any program administered by FCIC under the Act if the person:

- (1) has a delinquent debt according to subparagraph 301B;
- (2) is an individual that has been convicted of a controlled substance violation according to subparagraph 301C;
- (3) has been disqualified, debarred, or suspended according to subparagraph 301D;
- (4) is an individual and is not a United States citizen, United States non-citizen national, or a qualified alien, see subparagraph 301E;
- (5) has been convicted of a felony for knowingly defrauding the United States in connection with any program administered by USDA; or
- (6) has been debarred for knowingly doing business with a person debarred or suspended under 2 CFR Part 180 or 2 CFR Part 417, or successor regulations.

#### B. Delinquent Debt

A delinquent debt is a debt that is not satisfied on or before the date of delinquency, such as the termination date, due date contained in a written payment agreement, or due date specified in the notice to the person of the amount due.

(1) Date of delinquency includes:

- (a) The termination date specified in the applicable policy for administrative fees and premiums owed for insurance issued under the authority of the Act, and any interest and penalties on those amounts, if applicable; and
- (b) The due date specified in the notice to the person of the amount due for any other amounts due the AIP or FCIC for insurance issued under the authority of the Act.

### 301 Ineligible Persons (Continued)

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#### B. Delinquent Debt (continued)

- (2) Other amounts due, includes, but are not limited to,
  - (a) indemnities, prevented planting payments, or replant payments found not to have been earned or that were overpaid, premium billed with a due date after the termination date for the crop year in which premium is earned; and
  - (b) any interest, administrative fees, and penalties on such amounts, if applicable.

The existence and delinquency of the debt must be verifiable. A delinquent debt does not include debts discharged in bankruptcy or any debt to an AIP's agent.

CAT administrative fees prior to crop year 1998 are not established as a delinquent debt.

#### C. Conviction – Controlled Substance

The Food Security Act of 1985, as amended, provides that any person who is convicted under Federal or state law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance in any crop year will be ineligible for USDA benefits from the beginning of the crop year of conviction and the four subsequent consecutive crop years.

For crop insurance purposes, an individual or entity is considered to have been "convicted" when:

- (1) A judgment of conviction has been entered against the individual or entity by a Federal, State, or local court, regardless of whether there is an appeal pending or whether the judgment of conviction or other record relating to criminal conduct has been expunged;
- (2) There has been a finding of guilt against the individual or entity by a Federal, State, or local court;
- (3) A plea of guilty or nolo contendere by the individual or entity has been accepted by a Federal, State, or local court; or
- (4) The individual or entity has entered into participation in a first offender, deferred adjudication, or other arrangement or program where judgment of conviction has been withheld.

### C. **Conviction – Controlled Substance (continued)**

Conviction, for crop insurance purposes, is limited to controlled substance violations. However, a person may be suspended, disbarred, or disqualified from USDA programs based upon a conviction not related to crop insurance. If applicable, the ineligibility is based on the disqualification, suspension or debarment from federal programs, and not the specific conviction.

### D. **Disqualification, Suspension, or Debarment**

Any person who has been disqualified under section 515(h) of the Act or has been debarred or suspended under 7 CFR Part 400, Subpart R, 2 CFR Part 180 or 2 CFR Part 417, or successor regulations, is ineligible to participate in any program administered under the Act.

- (1) FCIC may disqualify producers, agents, loss adjusters, AIPs, or other persons who willfully and intentionally provide false information to FCIC or an approved insurance provider with respect to an insurance policy or plan of insurance for a period of up to 5 years.

Disqualifications prohibits the person or entity from receiving any benefit under the Act as well as certain statutory entitlement programs, such as programs administered by the FSA.

- (2) Suspensions are a temporary action that takes place immediately for a period of up to one year, or may continue until the completion of an investigation, a judicial or an administrative proceeding. Suspension is commonly imposed upon an indictment for certain criminal offenses. Such action is taken when it is determined that immediate action is necessary to protect the public interest.

- (3) A debarment is an extended action for a period of 3 years or longer if circumstances warrant. Debarment is a judgment in certain civil matters or commission of any offense indicating a lack of business integrity or business honesty that directly affects the present responsibility of a person and is commonly imposed upon the conviction of certain criminal offenses.

Suspensions and debarments prohibit the person or entity from selling, servicing, adjusting, or acting in any capacity relating to crop insurance policies, or participating in any procurement or non-procurement activity with any U.S. Government agency. Suspensions and debarments affect eligibility for some of the same programs covered by disqualification, plus additional programs, including non-USDA programs. Imposition of suspension and debarments are made by the RMA Administrator as the suspending/debarring official for FCIC.

Names of persons disqualified, suspended or debarred are listed on the EPLS, or successor website. If a person is placed on the ITS due to disqualification, suspension, or debarment, the person will be ineligible from the date the order is signed until the period specified in the order has expired.

### **301 Ineligible Persons (Continued)**

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#### **E. Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWROA)**

An individual that is not a United States citizen, United States non-citizen national, or a qualified alien is ineligible to participate in any program administered under the Act according to the **PRWORA**. Such individuals may not be recorded in ITS.

**Refer to Part 2 of the GSH for PRWORA determinations and eligibility.**

### **302 Verification of Eligibility Status**

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**The AIP must utilize the I61-Ineligible Entity Output file to verify a person's eligibility. No records should be sent to PASS if the person is ineligible on the output file.**

### **303-310 (Reserved)**

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## Section 2: Ineligibility Determination

### 311 Effect of Ineligibility

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The effect of ineligibility is to deny reinsurance, premium subsidies, and other benefits under the Act for persons meeting any of the ineligibility criteria. All persons submitting an application for insurance, as well as persons with an existing policy, under the Act are subject to verification of their eligibility status.

PASS will reject the policy when an:

- (1) applicant or insured is the sole insured and is an ineligible person included on ITS; or
- (2) ineligible person included on ITS has a SBI in the applicant or insured and the insured share is not reduced commensurately.

### 312 Basis for Ineligibility Determination

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The program and benefits affected by ineligibility depend on the basis for the ineligibility. All persons submitting an application or who are currently insured under the Act are subject to verification of their eligibility status.

#### A. Delinquent Debt

A delinquent debt for any policy may result in termination of all the insured's policies issued under the authority of the Act. A person who is determined to be ineligible based upon failure to timely pay a delinquent debt is ineligible for crop insurance authorized by the Act. See Para. 313 for more information regarding ineligibility effective dates for delinquent debt, by basic provision, for the policy on which the delinquent debt occurred and other policies.

#### B. Suspension or Debarment

A person who is determined to be ineligible based upon a suspension or debarment is ineligible to:

- (1) participate in any program authorized under the Act, including but not limited to:
  - (a) obtaining crop insurance;
  - (b) acting as a(n) agent, loss adjuster, AIP, or affiliate, as defined in the SRA or LPRA;
  - (c) entering into any contracts with FCIC under sections 506(l) and section 522(c) of the Act; or
  - (d) entering into any cooperative agreement or partnerships under sections 506(l), 522(d) and 524(a) of the Act; or
- (2) participate in any other transaction as specified in 2 CFR Part 180 and 2 CFR Part 417, or successor regulation.

**C. Disqualification under Section 515(h) of the Act**

A person who is determined to be ineligible based upon a disqualification under section 515(h) of the Act is ineligible to:

- (1) participate in any program authorized under the Act, including but not limited to:
  - (a) obtaining crop insurance;
  - (b) acting as a(n) agent, loss adjuster, AIP, or affiliate, as defined in the SRA or LPRA;
  - (c) entering into any contracts with FCIC under sections 506(l) and section 522(c) of the Act; or
  - (d) entering into any cooperative agreement or partnerships under sections 506(l), 522(d) and 524(a) of the Act; or
- (2) participate in any programs listed in section 515(h)(3)(B) and (C) of the Act.

**D. Felony Conviction for Knowingly Defrauding the U.S. in Connection with Any Program Administered by the USDA**

A person who is determined to be ineligible based upon a felony conviction for knowingly defrauding the U.S. in connection with any program administered by the USDA is ineligible to participate in any program offered by the USDA.

**E. Conviction of a Controlled Substance Violation**

A person who is determined to be ineligible based upon a conviction of a controlled substance violation is ineligible to:

- (1) participate in any program authorized under the Act, including but not limited to:
  - (a) obtaining crop insurance;
  - (b) acting as a(n) agent, loss adjuster, AIP, or affiliate, as defined in the SRA or LPRA;
  - (c) entering into any contracts with FCIC under sections 506(l) and section 522(c) of the Act; or
  - (d) entering into any cooperative agreement or partnerships under sections 506(l), 522(d) and 524(a) of the Act; or
- (2) participate in any programs listed in section 515(h)(3)(B) and (C) of the Act.

### 312 Basis for Ineligibility Determination (Continued)

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#### F. Not a U.S. Citizen, U.S. Non-Citizen National, or a Qualified Alien

A person who is determined to be ineligible based upon not being a U.S. citizen, U.S. non-citizen national, or a qualified alien as determined by PRWORA is ineligible to:

- (1) participate in any program authorized under the Act, including but not limited to:
  - (a) obtaining crop insurance;
  - (b) acting as a(n) agent, loss adjuster, AIP, or affiliate, as defined in the SRA or LPRA;
  - (c) entering into any contracts with FCIC under sections 506(l) and section 522(c) of the Act; or
  - (d) entering into any cooperative agreement or partnerships under sections 506(l), 522(d) and 524(a) of the Act; or
- (2) participate in any programs listed in section 515(h)(3)(B) and (C) of the Act.

### 313 Ineligibility Effective Dates

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#### A. Effective Date of Ineligibility

The effective date of the ineligibility for the person is the:

- (1) date that a policy was terminated for an unpaid premium, administrative fee, or any related interest owed;
- (2) payment due date contained in any notification of indebtedness for any overpaid indemnity, prevented planting payment, replanting payment, or other amounts due if the amount owed, including any related interest owed, as applicable, is not paid on or before the due date;
- (3) termination date determined under the applicable policy provisions in effect at the time the written payment agreement is executed;

**Example:** An insured enters into a written payment agreement on March 14, 2017, for a policy with a termination date of March 15, 2017. The written payment agreement is entered into while the 2011 CCIP Basic Provisions are in effect. The insured did not make the scheduled payment due on or before July 1, 2018. The applicable termination date is March 15, 2018, according to the CCIP Basic Provisions.

- (4) termination date the policy was or would have been terminated if the bankruptcy petition is dismissed before discharge;

### 313 Ineligibility Effective Dates (Continued)

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#### A. Effective Date of Ineligibility (continued)

- (5) date specified in a notification of disqualification, debarment, or suspension; or
- (6) beginning of the crop year in which the person is convicted of a controlled substance violation, which is effectively the earliest termination date applicable under any policy, unless determined otherwise by the court.

**Example:** An insured individual is convicted of a controlled substance violation in 2018. The effective date of ineligibility for the convicted individual is the earliest termination date for the 2018 crop year.

**Note:** The date of delinquency refers to the date the debt becomes delinquent and may be the same as the ineligibility effective date, unless some other condition or exception applies. See also Paras. 301B and 313C.

#### B. Ineligibility Effective Date and Weekend or Federal Holidays

If the termination date, or other due date, falls on a Saturday, Sunday, or Federal holiday, the next business day will apply for purposes of determining if the debt is delinquent.

This applies to the date of postmark as well as the date payment is received. The published termination date or due date will not be changed and will be the date of ineligibility if the person is determined a debtor and ineligible for crop insurance programs administered by FCIC.

**Example:** The termination date of September 30, 2018, is a Sunday. The AIP may accept payments on the next business day of October 1, 2018. If the insured does not pay on or before October 1, 2018, the ineligible record sent to RMA must have a debt delinquency date of September 30, 2018.

When determining eligibility on policies with a September 30, 2018, termination date, the postmark date for payments mailed will also be extended to the next business day of October 1, 2018.

**Note:** The 7-day transit rule for receipt of late payments due to postal errors began March 16, 2015. See also Part 7 of the GSH for more information regarding the 7-day transit rule.

#### C. Ineligibility Effective Date and Benefits Termination

The applicable date for ineligibility applies to the person, not to a specific crop. However, program benefits may not cease immediately for all insured crops. See Part 5 for more information regarding policy termination.

### C. Ineligibility Effective Date and Benefits Termination (continued)

#### (1) Termination Date Prior to the Date of Ineligibility

Program benefits will continue for any insured crop where the termination date is prior to the date of ineligibility and will continue to the end of the insurance period for that insured crop. If eligibility has not been reinstated, benefits will be denied on the next termination date of that insured crop.

**Exception:** Program benefits are denied immediately for an insured convicted of a controlled substance violation or whose bankruptcy petition is dismissed. Persons are ineligible for benefits effective the crop year of conviction or bankruptcy dismissal, irrespective of any applicable crop termination date or whether insurance has already attached to the crop.

#### (2) Date of Ineligibility Prior to the Termination Date

Program benefits are denied immediately for any insured crop on the termination date when the date of ineligibility is on or before the termination date. This includes denial of program benefits for any PP coverage applicable for a person insured the previous crop year.

**Example 1:** Producer A insures his 2019 wheat and corn. When the AIP transmits data to RMA for fall wheat on October 15, 2018, the insured is eligible for 2019 wheat coverage. Producer A fails to pay the premium for 2018 corn and is terminated March 15, 2019. On March 21, 2019, the AIP transmits a I60 record to ITS certifying Producer A as a debtor for corn. A Notice of Ineligibility is mailed to Producer A and his name is added to ITS.

The effective date of ineligibility is the March 15, 2019, termination date. Insurance data for any crop with a SCD of March 15, 2019, or later, will be rejected by PASS. All insurance data for the 2019 wheat will be accepted. Producer A will be ineligible for wheat coverage beginning with the 2020 crop year and corn coverage beginning with the 2019 crop year.

**C. Ineligibility Effective Date and Benefits Termination (continued)**

**Example 2:** Producer B owes premium to AIP A for 2018 corn and is terminated March 15, 2019, for failure to pay. Producer B submits an application for insurance for 2019 corn to AIP B on March 15, 2019. AIP B transmits Appendix III entity and policy records on March 21, 2019, which are accepted by PASS. On March 22, 2019, AIP A transmits I60 record certifying Producer B as a debtor to ITS, and Producer B is added to ITS. On June 15, 2019, AIP B submits Producer B's corn acreage record data, which is rejected because of Producer B's ineligible status.

AIP B must transmit a P49 Record deleting all previously submitted data accepted by PASS for affected crops. Producer B's application for corn insurance is rejected by AIP B according to the provisions of the policy, and any payments of indemnities made prior to rejecting the application must be repaid. Additionally, any PP or replanting payments made prior to rejecting the application must be repaid.

**(3) Policies with a SCD Prior to Termination Date**

For policies with a SCD prior to the termination date, such policies will terminate for the current crop year even if insurance attached prior to the termination date. Termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, PP or replanting payment will be owed.

**Example 1:** Producer A insures wheat for 2019 with a SCD of September 30, 2018, and a termination date of November 30, 2019. Producer A fails to pay premium for 2018 wheat by November 30, 2018. The AIP reports the producer to ITS with a debt delinquency date and effective date of ineligibility of September 30, 2018.

**Example 2:** Producer A had 2018 annual forage and wheat policies. Producer A insures annual forage for 2019 with a SCD of September 30, 2018, and a termination date of September 30, 2019. Producer A also has a 2019 wheat policy with a SCD of September 30, 2018, and a termination date of November 30, 2019. The 2018 forage policy premium was paid timely on or before the September 30, 2018, termination date.

However, Producer A fails to pay the 2018 wheat policy premium by the November 30, 2018, termination date for wheat. The AIP reports Producer A to ITS with a debt delinquency date and effective date of ineligibility of September 30, 2018, which means Producer A is ineligible for both the 2019 forage and wheat policies.

### 313 Ineligibility Effective Dates (Continued)

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#### C. Ineligibility Effective Date and Benefits Termination (continued)

**Example 3:** Producer A had 2018 crop annual forage and winter wheat policies. Producer A insures annual forage for 2019 with a SCD of September 30, 2018, and a termination date of September 30, 2019. Producer A also has a 2019 winter wheat policy with a SCD of September 30, 2018, and a termination date of November 30, 2019. The 2018 forage policy premium was not paid on or before the September 30, 2018, termination date. Producer A does pay the 2018 winter wheat premium by November 30, 2018 but does not pay the 2018 forage policy premium. The AIP reports Producer A to ITS with a debt delinquency date and effective date of ineligibility of September 30, 2018, and Producer A is ineligible for both the forage and winter wheat 2019 crop policies even though the premium was paid for the 2018 crop winter wheat policy.

### 314 Time Period of Ineligibility

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The time period of ineligibility depends upon the type of ineligibility determination.

#### A. Delinquent Debt

If the basis for ineligibility is based upon a delinquent debt, then the time period for ineligibility is from the date of ineligibility until:

- (1) the debt is paid in full;
- (2) debt is discharged in bankruptcy or a motion to incur debt is received by the AIP; or
- (3) a written payment agreement is executed.

#### B. Disqualification, Suspension, or Debarment

If the basis for ineligibility is based upon a disqualification, suspension, or debarment then the time period for ineligibility is from the date of disqualification, suspension, or debarment is signed/approved by person authorized to take such action until the time period specified in the order expires.

### **314 Time Period of Ineligibility (Continued)**

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**C. Felony Conviction for Knowingly Defrauding the U.S. in Connection with Any Program Administered by the USDA**

If the basis for ineligibility is based upon a felony conviction for knowingly defrauding the U.S. in connection with any program administered by the USDA, then the time period for ineligibility is permanent beginning with the crop year in which the person is convicted.

**Exception:** The Secretary of Agriculture may reduce the time period of ineligibility to a period of no less than 10 years.

**D. Conviction of Planting, Cultivating, Growing, Producing, Harvesting, or Storing a Controlled Substance**

If the basis for ineligibility is based upon a conviction for planting, cultivating, growing, producing, harvesting, or storing a controlled substance, then the time period for ineligibility is from the beginning of the crop year in which the person is convicted and the four subsequent consecutive crop years.

**E. Conviction of Possession of or Trafficking in a Controlled Substance**

If the basis for ineligibility is based upon a conviction of possession of or trafficking in a controlled substance, then the time period of ineligibility is in addition to the time period for a conviction of planting, cultivating, growing, producing, harvesting, or storing a controlled substance, from the beginning of the crop year in which the person is convicted, unless determined otherwise by the court, until the time imposed by the court expires.

**F. Not a U.S. Citizen, U.S. Non-Citizen National, or a Qualified Alien**

If the basis for ineligibility is based upon a person not being a U.S. citizen, U.S. non-citizen national, or a qualified alien, then the period of ineligibility is until such time the individual becomes a U.S. citizen, U.S. non-citizen national, or a qualified alien.

**315-320 (Reserved)**

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## Section 3: Ineligible Person Types

### 321 Overview

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Ineligibility, as well as the basis for ineligibility, affects person types differently. This section provides the effects of ineligibility for different person types.

### 322 Individuals

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When the ineligible person is an individual, all crop insurance policies in which the ineligible person is the sole insured will:

- (1) terminate, if the person is ineligible for any reason other than a controlled substance violation; or
- (2) be void, if the person is ineligible due to being convicted of a controlled substance violation.

The ineligible person must be reported on all policies in which they have a SBI in the applicant or insured. The insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the ineligible person remains ineligible.

### 323 Spouses and Minors

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#### A. Spouses and Minors Separate from the Individual

The spouse and minor child of an individual insured is considered the same as the individual and subject to the same ineligibility, except when the:

- (1) individual is ineligible due to being convicted of a controlled substance violation;
- (2) individual is ineligible as a result of a felony conviction for knowingly defrauding the United States in connection with any program administered by USDA;
- (3) individual is ineligible because they are not a United States citizen, United States non-citizen national, or a qualified alien;
- (4) individual is ineligible as a result of a disqualification, debarment, or suspension;
- (5) spouse can prove they are legally separated or otherwise legally separate under the applicable State dissolution of marriage laws; or
- (6) minor child has a separate legal interest in such person or is engaged in a separate farming operation from the individual.

### 323 Spouses and Minors (Continued)

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#### **B. Minor Child with a Separate Farming Operation from the Parent**

A minor child with a separate farming operation is considered a separate person with respect to the separate farming operation if the:

- (1) minor's parent or other entity in which the parent has a SBI does not have any interest in the minor's farming operation or in any production from such operation;
- (2) minor establishes and maintains a separate household from the parent;
- (3) minor personally carries out the farming activities with respect to the minor's farming operation; and
- (4) minor has separate accounting and recordkeeping for the minor's farming operation.

### 324 Landlords/Tenants

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Any person(s) may insure their landlord's and/or tenant's share. The ineligibility of the landlord/tenant insured under another person's policy does not affect the eligibility of the insured or other SBIs. In such instances, the following apply:

- (1) the insurable share of the policy must be reduced commensurate to the amount of interest the ineligible landlord/tenant has in the policy;
- (2) all crop insurance policies in which the ineligible person is insured as a landlord/tenant will terminate on the next termination date; and
- (3) the other persons on such policy, including the insured, may submit a new application for crop insurance coverage on or before the applicable SCD of the following year to obtain insurance if they are otherwise eligible for crop insurance.

**Example:** Landlord A is insured under Tenant B's corn policy and is listed on the policy as having a 10 percent interest in corn. Landlord A is ineligible beginning with the 2019 crop year due to non-payment of premium. Tenant B's 2019 corn policy must be reduced by 10 percent due to the landlord's ineligibility.

Tenant B's corn policy will terminate on the termination date of March 15, 2020, due to the ineligibility of Landlord A, if Landlord A remains ineligible. Tenant B must obtain a new corn policy not insuring ineligible Landlord A's share by March 15, 2020 (2020 corn SCD), if Tenant B wants to have a corn policy in 2020.

### **325 Transferors/Transferees**

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Both the transferor and transferee under the transfer of right to indemnity are jointly and severally responsible for payment of the premium, administrative fees, overpaid indemnities, other amounts due and applicable interest. Both will be ineligible if any amount is not paid by the applicable termination date or other due date.

If only part of the share of the policy is transferred, transferee is only responsible for the premium, overpaid indemnities or other amounts due for that portion of the share of the policy. Failure of the transferor to pay the premium for any portion of the policy not transferred to the transferee does not impact the eligibility of the transferee.

### **326 General Partnerships, Joint Ventures, Limited Partnerships, Limited Liability Partnerships, and Limited Liability Companies**

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Subparagraphs A – D provide the effects of ineligibility on a(n) General Partnerships, Joint Ventures, Limited Partnerships, Limited Liability Partnerships, and Limited Liability Companies.

#### **A. Delinquent Debt**

If the General Partnerships, Joint Ventures, Limited Partnerships, Limited Liability Partnerships, and Limited Liability Companies are ineligible because of a delinquent debt, then:

- (1) all partners or members of the general partnership, joint venture, limited partnership, limited liability partnership or limited liability company will be ineligible;
- (2) all policies in which the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company is the sole insured will terminate on the respective termination dates;
- (3) all policies in which the ineligible partner or member is the sole insured will terminate on the respective termination dates; and
- (4) the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company and all ineligible partners or members must be reported on any other policy in which they have a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company or the ineligible partner's or member's SBI in the applicant or insured for as long as they remain ineligible.

**326 General Partnerships, Joint Ventures, Limited Partnerships, Limited Liability Partnerships, and Limited Liability Companies (Continued)**

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**B. Disqualification, Suspension, or Debarment**

If the General Partnerships, Joint Ventures, Limited Partnerships, Limited Liability Partnerships, and Limited Liability Companies are ineligible due to a disqualification, suspension, or debarment, then:

- (1) all policies in which the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company is the sole insured will terminate **on the termination dates**; and
- (2) the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company SBI in the applicant or insured for as long as the it remains ineligible.

**C. Felony Conviction for Knowingly Defrauding the U.S. in Connection with Any Program Administered by the USDA**

If the General Partnerships, Joint Ventures, Limited Partnerships, Limited Liability Partnerships, and Limited Liability Companies are ineligible due to felony conviction for knowingly defrauding the U.S. in connection with any program administered by the USDA, then:

- (1) all policies in which the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company is the sole insured will terminate **on the termination dates**; and
- (2) the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company SBI in the applicant or insured for as long as the it remains ineligible.

### **326 General Partnerships, Joint Ventures, Limited Partnerships, Limited Liability Partnerships, and Limited Liability Companies (Continued)**

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#### **D. Debarment for Knowingly Doing Business with a Person Debarred or Suspended under 2 CFR Part 180 or 2 CFR Part 417, or Successor Regulations**

If the General Partnerships, Joint Ventures, Limited Partnerships, Limited Liability Partnerships, and Limited Liability Companies are ineligible due to a debarment for knowingly doing business with a person debarred or suspended under 2 CFR part 180 or 2 CFR part 417, or successor regulations, then:

- (1) all policies in which the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company is the sole insured will terminate **on the respective termination dates**; and
- (2) the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible general partnership, joint venture, limited partnership, limited liability partnership or limited liability company SBI in the applicant or insured for as long as the it remains ineligible.

### **327 Association, Estate, Trust, Corporation, or Other Similar Entity**

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**Subparagraphs A – D** provide the effects of ineligibility on an association, estate, trust, corporation, or other similar entity.

**Note:** A revocable trust and the grantor(s) of a revocable trust **and an estate** and the **deceased person** are considered to be the same person for crop insurance purposes.

**Note:** The grantor(s) and/or trustee(s) of an irrevocable trust and the executor or personal representative of an estate are not considered to be the same person for crop insurance purposes. However, Paras. 327A(3) and 328B may apply.

#### **A. Delinquent Debt**

If the association, estate, trust, corporation or similar entity is ineligible due to a delinquent debt, then:

- (1) all policies in which the ineligible association, estate, trust, corporation or other similar entity is the sole insured will terminate **on the respective termination dates**;
- (2) the ineligible association, estate, trust, corporation or other similar entity must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the person remains ineligible;
- (3) any partners, members, shareholders, administrators, executors, trustees, or grantors may be individually ineligible if the delinquent debt occurred as a result of their actions or inactions, as determined by the AIP or FCIC; and

**A. Delinquent Debt (cont.)**

- (4) if any partner, member, shareholder, administrator, executor, trustee, or grantor is determined individually ineligible **by A(3) above**, then:
  - (a) all policies in which such **partner, member, shareholder, administrator, executor, trustee, or grantor** is the sole insured will terminate **on the respective termination dates**; and
  - (b) the ineligible person must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the person remains ineligible.

**B. Disqualification, Suspension, or Debarment**

If the association, estate, trust, corporation or similar entity is ineligible due to a delinquent debt, then:

- (1) all policies in which the ineligible association, estate, trust, corporation or other similar entity is the sole insured will terminate **on the respective termination dates**; and
- (2) the ineligible association, estate, trust, corporation, or other similar entity must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the person remains ineligible.

**C. Felony Conviction for Knowingly Defrauding the U.S. in Connection with Any Program Administered by the USDA**

If the association, estate, trust, corporation or similar entity is ineligible due to felony conviction for knowingly defrauding the U.S. in connection with any program administered by the USDA then:

- (1) all policies in which the ineligible association, estate, trust, corporation or other similar entity is the sole insured will terminate **on the respective termination dates**; and
- (2) the ineligible association, estate, trust, corporation, or other similar entity must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the person remains ineligible.

**D. Debarment for Knowingly Doing Business with a Person Debarred or Suspended under 2 CFR Part 180 or 2 CFR Part 417, or Successor Regulations**

If the association, estate, trust, corporation or similar entity is ineligible to a debarment for knowingly doing business with a person debarred or suspended under 2 CFR part 180 or 2 CFR part 417, or successor regulations, then:

- (1) all policies in which the ineligible association, estate, trust, corporation or other similar entity is the sole insured will terminate **on the respective termination dates**; and
- (2) the ineligible association, estate, trust, corporation, or other similar entity must be reported on any other policy in which it has a SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the person remains ineligible.

**328 Estates and Trusts Administration**

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**A. Ineligibility of the Executors or Administrators, Grantors, and Personal Representatives or Trustees**

The eligibility of an estate or trust person type is not affected by the individual ineligibility of the:

- (1) executor or administrator of the estate;
- (2) personal representative or trustee of the revocable or irrevocable trust; or
- (3) grantor(s) of the irrevocable trust.

**Exception:** If the ineligible executor or administrator, grantor, or personal representative or trustee is also an SBI to the estate or trust; then the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the estate or trust.

See also Part 2 of the GSH for more information regarding SBIs of estates and trusts.

**B. Trusts**

- (1) For the revocable trust person type, the grantor(s) of a revocable trust and the revocable trust are considered the same person for crop insurance purposes. When the grantor(s) of a revocable trust is the personal representative(s) or trustee(s) of the trust, the eligibility of:
  - (a) the trust is affected by the eligibility of the personal representative(s) or trustee(s); and
  - (b) the personal representative(s) or trustee(s) is affected by the eligibility of the trust.

## **328 Estates and Trusts Administration (Continued)**

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### **B. Trusts (cont.)**

- (2) For the irrevocable trust person type, the grantor(s) and/or personal representative(s) or trustee of an irrevocable trust are not considered to be the same for crop insurance purposes.

### **C. Estates**

The executor or administrator of an estate is not considered to be the same person for crop insurance purposes. For the estate person type, the deceased person and the successor estate is considered the same person for crop insurance purposes. When the ineligible person dies, the successor estate is ineligible until the ineligibility is resolved.

### **D. Liability of Executor or Personal Representative when acting on behalf of an Estate or Trust**

If a delinquent debt occurs, the executor or personal representative (trustee) may be determined individually ineligible based on its actions as the executor or personal representative to the estate or trust. See Para. 327A(3).

## **329 Entities Created to Conceal or Evade Ineligibility**

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If an applicant or insured is a corporation, partnership, joint venture, trust, corporation, limited liability company, limited partnership, or other similar entity that was created to conceal the interest of an ineligible person or to evade the ineligibility determination of a person with a SBI in the applicant or insured:

- (1) such person is ineligible for crop insurance authorized under the Act; and
- (2) all policies for such person will be void.

The following information may be useful when determining whether an entity was created to conceal or evade ineligibility. The following are provided only to assist AIPs in making a determination, and do not represent information that is required to be obtained before the AIP determines that an entity was created to conceal or evade ineligibility.

- (1) Is the entity in question comprised of the same or substantially the same person(s) as the ineligible person?
- (2) Was the entity in question created, or the process of creating the entity started:
  - (a) after the ineligible person was notified they were ineligible; or
  - (b) before the ineligible person was notified they were ineligible but at a time the ineligible person could have reasonably known they were going to be determined ineligible?
- (3) Did the entity not disclose that the ineligible person had a SBI in the entity?

**329 Entities Created to Conceal or Evade Ineligibility (Continued)**

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- (4) Is the entity's business similar to that of the ineligible person, such as:
- (a) operating in the same or similar geographic area as the ineligible person; and
  - (b) producing the same or similar commodities as the ineligible person historically produced?

**330-350 (Reserved)**

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## Section 4: Notification and Certification

### 351 AIP Ineligibility Notification for a Debt

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#### A. Proper Notification and Due Process

Prior to the date of delinquency, the AIP must provide to the insured person:

- (1) written notice of any debt due; and
- (2) a meaningful opportunity to contest the determination.

#### B. Notice of Debt

The Notice of Debt is the written statement of the debt that is due. The Notice of Debt provides the right to review and contest the existence or the amount of debt. The Notice of Debt must:

- (1) include the current amount of debt owed;
- (2) advise that if the debt is not paid or a written payment agreement is not signed by the insured and approved by the AIP on or before the date of delinquency, the policy will terminate;
- (3) inform the person that they will be ineligible for crop insurance the next crop year for any crop on which the termination date has not passed and on all crops in subsequent crop years until eligibility is reinstated;
- (4) inform the person that they will be placed on a list of persons ineligible for crop insurance;
- (5) advise the person that they are allowed 30 days from the date of the Notice of Debt to review and contest the existence or amount of the debt; and
- (6) inform the person that requesting an administrative review does not delay, defer, or otherwise change the requirement the entire debt be paid or a written payment agreement be executed by the termination date, or their name being placed on the ineligible list; and that an administrative review does not take the place of, or limit your right to, mediation, arbitration, or judicial review, as applicable, according to the terms of your policy.

The Notice of Debt must be sent to the ineligible insured person's last known address and certified to RMA for each debt type (unpaid administrative fees and premium, overpaid replanting payment; overpaid indemnity and additional premium). If the person fails to pay by the due date stated in the Notice of Debt, or fails to execute a written payment agreement, then the ineligible person must be certified to RMA and their information transmitted to ITS in accordance with Para. 353.

If an insured is determined ineligible due to both an overpaid indemnity debt and an additional premium debt, the AIP must provide a Notice of Debt for each debt type to the insured person, certify and transmit the ineligible person's information to ITS.

## 351 AIP Ineligibility Notification for a Debt (Continued)

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### B. Notice of Debt (cont.)

See Part 4 for procedure regarding reviewing and contesting the debt. See also Exh. 5 and 6 for applicable Notice of Debt letters.

### C. Other Amounts Due

In addition to subparagraph B above, if the Notice of Debt is for other amounts due, then the Notice of Debt and an associated billing statement (e.g., premium revisions after termination, claim overpayments, etc.) must be provided to the person within 90 days after the determination and assignment of the debt to the person's account. The associated billing statement must detail and itemize the revisions which generated the other amount due.

**Exception:** A billing statement does not have to be sent if the Notice of Debt contains the information that would be included in a billing statement, including an explanation of the cause of debt and any interest or fees included in the total amount due.

This is the only required notification to be sent to the person of other amounts due.

### D. Documentation

All documentation and evidence supporting the delinquent debt must be maintained by the AIP according to Para. 6. Such documentation and evidence must be made available to RMA upon request according to Para. 5C.

### E. Meaningful Opportunity to Review and Contest the Debt

(1) A meaningful opportunity to review and contest the debt is the opportunity for the insured to review the existence of the amount due and to resolve any disagreement with a decision by the AIP through requesting a review of the decision by:

- (a) the AIP;
- (b) mediation;
- (c) arbitration; or
- (d) judicial review, as applicable.

If the debt is an AIP policy debt and the person contests the existence or amount of debt, the person may submit a request for an administrative review to the AIP or seek mediation and arbitration, if applicable.

AIP decisions cannot be appealed to NAD unless the AIP failed to provide the person the required notifications and opportunity to review and contest the debt.

### **351 AIP Ineligibility Notification for a Debt (Continued)**

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#### **E. Meaningful Opportunity to Review and Contest the Debt (cont.)**

- (2) If a person contests the existence or amount of debt, such action does not delay or preclude the:
  - (a) effect of the AIP's determination of ineligibility;
  - (b) AIP providing the person with all required notifications;
  - (c) requirement the person pay the debt by the applicable date;
  - (d) person being certified to RMA as ineligible
  - (e) RMA from issuing a Notice of Ineligibility;
  - (f) person from being listed in ITS; or
  - (g) termination of the applicable crop insurance policies.

### **352 AIP Notification for Disqualification, Suspension, Debarment, or Conviction**

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AIPs are not responsible for notifying persons determined ineligible for crop insurance due to disqualification, debarment, suspension, or controlled substance violations. RMA is responsible for notifying such persons and **transmitting their information to** ITS.

AIPs are required to notify RMA when they have evidence that a person is ineligible for crop insurance because of a disqualification, debarment, suspension, or controlled substance violations. **AIPs must send evidence of the conviction, such as a signed court order for conviction of controlled substance violations.**

### **353 AIP Certifying Records to RMA**

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By submitting electronic records to ITS the AIP is certifying the person is ineligible to participate in any program administered under the Act, and the person has been provided the applicable notifications and opportunity to review according to Para. 351. A person must be given written notice and an opportunity to review and contest the reasons program eligibility may be denied before AIP submits electronic records to RMA. Any person certified to RMA will be identified as ineligible on ITS.

See Appendix III for **I60**, Ineligible Producer Record, and **I65**, **Ineligible Policy CAT Fee Debt** Record requirements.

### **354 RMA Actions Upon Receipt of Information of Ineligibility**

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#### **A. Ineligibility Because of Debt, Disqualification, Debarment, or Suspension**

Upon receipt of a certification of a debt or notification of disqualification, debarment, or suspension, RMA will include the person on ITS and issue a Notice of Ineligibility to the person at the person's last known address.

**A. Ineligibility Because of Debt, Disqualification, Debarment, or Suspension (cont.)**

Generally, persons with an SBI in the ineligible person are also deemed ineligible. Ineligible SBIs will be included on ITS and notified of such if the ineligibility is due to a delinquent debt. SBI holders include, but are not limited to, spouses, minors, members and partners of general partnerships, joint ventures, limited partnerships, limited liability partnerships, and limited liability companies. The applicable AIP will be notified if ineligibility is for delinquent debt owed to AIP. RMA may request supporting documentation, if needed.

Failure to receive the Notice of Ineligibility by the person does not limit the enforcement of ineligibility or extend the deadline for filing an appeal determined by using a reasonable receipt date for the notice.

The Notice of Ineligibility will:

- (1) list the criteria upon which ineligibility has been based;
- (2) contain a brief statement of the facts to support ineligibility;
- (3) state the time period of ineligibility;
- (4) advise the person that any insured in which he or she has a SBI will be affected by having the premium and coverage reduced by the amount of the ineligible person's interest in a policy, if applicable; and
- (5) advise the person of the right to appeal being included on ITS.

See Para. 403 for NAD appeal rights. See Exh. 9-15 for Notice of Ineligibility letters.

**B. Ineligibility Because of Conviction of a Controlled Substance Violation**

Upon receipt of an insured's controlled substance conviction, RMA will:

- (1) research the policyholder database to verify crop, SCD of crop, crop year and ineligible/eligible dates;
- (2) include person on ITS; and
- (3) issue a Notice of Ineligibility, including the person's right to appeal including them on ITS, to the person at their last known address.

See Exh. 12 for Notice of Ineligibility because of conviction of controlled substance violations.



## **PART 4: MAINTAINING, REGAINING, AND REINSTATING ELIGIBILITY**

### **Section 1: Reviews and NAD Appeals**

#### **401 Reviews Before Certification as Ineligible**

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##### **A. Debt**

If the person disputes a debt owed to the AIP, the person may submit a request for a review to the AIP or seek mediation and/or arbitration. Binding arbitration or disputes that are not resolved before the termination date or other due date does not relieve the person of the requirement to pay the debt on or before the termination date, or other due date.

Additionally, binding arbitration or disputes will not prevent the person from being determined ineligible and their information transmitted to RMA as ineligible, and being issued a Notice of Ineligibility, unless the person executes a written payment agreement.

**See Para. 351E(2).**

AIP decisions regarding the determination of the debt cannot be appealed to NAD.

##### **B. Disqualification, Suspension, Debarment, or Controlled Substance Violations**

Determinations of disqualification, suspension, debarment, or controlled substance violations are not reviewable under these procedures.

#### **402 Reviews After Certification as Ineligible**

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**After a person has been determined to be ineligible, certified and their information transmitted to RMA, the person may submit an appeal to the NAD if the person believes that they have been certified and their information transmitted to RMA in error, or if the person believes RMA or the AIP failed to give proper notice and a meaningful opportunity for review and to contest the debt before being certified and transmitted to RMA.**

Failure of AIP to notify the person of the debt or comply with the procedures in Para. 351 does not prevent termination of insurance under the terms of the policy, it only limits a timely determination of ineligibility.

A person whose ineligibility is based on disqualification, debarment, suspension, or a conviction for a controlled substance violation may appeal to NAD only if they believe they have been **listed in** ITS in error.

### **403 NAD Appeal Requirements**

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To appeal to NAD:

- (1) the person appealing to NAD must be the person found ineligible and included on ITS.
- (2) any appeal must be submitted to NAD within 30 days of the date of receipt of the applicable notice of ineligibility.
- (3) the person who is listed on ITS because of delinquent debt cannot appeal to NAD contesting ineligibility based solely on debt.
- (4) any challenge to the debt must be made to the AIP according to the applicable policy. A person may appeal being included in ITS if the AIP failed to comply with the procedures in Para. 351, but cannot appeal the existence of the debt.

### **404 Impacts of NAD Appeal**

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A request for a NAD appeal will not result in the person being removed from ITS.

Pending resolution of the NAD appeal, all policy provisions and responsibilities of the person, such as filing applicable reports, giving notice of damage, etc., and the AIP will apply. This assures all determinations necessary to establish premium, liability, any indemnity, etc., under the policy can be made, if applicable. However, no payment or indemnity will be made while the appeal is pending.

### **405-410 (Reserved)**

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## Section 2: Written Payment Agreements

### 411 Purpose

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A written payment agreement is a written document that is signed and dated by all applicable parties to satisfy financial obligations of the debtor with scheduled installment payments under conditions that modify the terms of the original debt. A written payment agreement may be executed by the debtor and the AIP or FCIC to satisfy financial obligations of the person to maintain eligibility by staying an ineligibility determination or to regain eligibility after an ineligibility determination is rendered.

Only one written payment agreement is permitted per termination date. However, a written payment agreement may cover multiple crops provided the termination date is the same for each crop.

**Note:** One written payment agreement may include multiple crop years (such as for overpaid indemnity determinations); however, the duration in which the person has to satisfy the payment agreement must not be longer than two years.

**Example:** Insured executes a written payment agreement for an overpaid indemnity for crop years 2012, 2013, and 2014 that have the same due date as determined by the notice of other amounts due. The insured has two years from the date of execution to satisfy the debts due under the agreement.

### 412 Requirements and Modifications

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A written payment agreement requires scheduled installment payments that allow for full repayment of the debt, and cannot be:

- (1) more than two years in duration; and
- (2) modified, replaced, or consolidated after it is executed by the person or the AIP.

**Exception:** A debt may be modified if other conditions of the policy apply, e.g., offset due to indemnity payment. If a debt is modified by policy conditions, then remaining debt must be paid within the same payment schedule outlined in the written payment agreement. A loss credit is treated as a scheduled payment for this purpose.

The AIP must provide the insured the revised payment amounts in writing and in accordance with the time remaining under the written payment agreement.

See Exh. 8 for an example written payment agreement.

### **413 Timing and Signature**

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To prevent an ineligible determination for a delinquent debt from:

- (1) unpaid premium, administrative fees, or CAT fees, the written payment agreement must be signed by all applicable parties, **dated, and received by the AIP on** or before the termination date specified in the applicable policy **to avoid a period of ineligibility**; or
- (2) other than for unpaid premium, administrative fees, or CAT fees, the written payment agreement must be signed by all applicable parties, **dated, and received by the AIP on** or before the due date specified in the notice to the person of the amount due **to avoid a period of ineligibility**.

### **414 Failure to Make Payments Timely**

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If the insured fails to make any scheduled payment, ineligibility is established effective on the date determined under the applicable policy provisions in effect at the time the written payment agreement was entered.

**Example:** An insured with a crop termination date of March 15, **2019**, is indebted and enters into a written payment agreement signed and approved by all parties on or before the crop termination date. The payments are due on the first of each month beginning April 1. The May 1, **2019**, payment is not received or postmarked by May 1, **2019**. Ineligibility is established on the termination date for the crop year prior to the crop year in which the payment was due (March 15, **2019**).

Prior to the defaulted written payment agreement, new applications for corn and soybeans were accepted for the insured by the SCD for those crops (March 15, **2019**). As a result of the default, the corn and soybean policies will be terminated as of their respective termination dates for the prior crop year. Any new application for a crop will be rejected until the debt is resolved.

### **415 Written Payment Agreement and AIP Authorized Reinstatement**

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For written payment agreement, the following applies.

#### **A. Small Amounts Authority**

If the insured has missed a payment under a previously executed written payment agreement and meets the conditions for small amount authority, the insured must remit full payment of the entire debt that is owed to qualify for AIP authorized reinstatement.

#### **B. Clearly Transposed Amounts**

If the insured missed a payment under a previously executed written payment agreement and meets the conditions for clearly transposed amounts, the insured is allowed to pay the correct amount for the scheduled payment that is due under the written payment agreement.

## **415 Written Payment Agreement and AIP Authorized Reinstatement (Continued)**

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### **C. 7-day Transit Period**

For written payment agreement, a timely payment made on or before the due date is submitted by the insured that was delayed, due to postal delivery, as evidenced by the postmarked date no more than 7 days after the due date on the agreement, is allowed AIP authorized reinstatement.

There is no limit to how many times an insured, under a written payment agreement, may receive reinstatement under the written agreement. The AIP must report the scheduled payment date as the date of delinquency to ITS when a payment is postmarked within 7 days of the scheduled payment date with the Ineligible Transaction Code of “47” after submitting the insured to ITS with the appropriate Ineligible Transaction Code according to the debt type.

**Example:** An insured with a crop termination date of March 15, 2019, is indebted and enters into a written payment agreement signed and approved by all parties on or before March 15, 2019. The payments are due on the first of each month beginning April 1. The May 1, 2019, payment is received postmarked as May 4, 2019.

The insured must be reported to ITS with an Ineligible Transaction Code of “1” then subsequently with the Ineligible Transaction Code of “47”, with a debt delinquency date of May 1, 2019, and a debt satisfied date of May 4, 2019. The “47” Ineligible Transaction Code will remove any period of ineligibility as the eligible date will be updated to match the debt delinquency date.

Next, the August 1, 2019, payment is received postmarked as of August 3, 2019. Again, the insured must be reported to ITS with an Ineligible Transaction Code of “1”, then subsequently with the Ineligible Transaction Code of “47”, with a debt delinquency date of August 1, 2019, and a debt satisfied date of August 3, 2019.

## **416 ITS Transmissions and Written Payment Agreements**

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### **A. Written Payment Agreements Executed After Termination Date or Other Due Date in Notification**

If a written payment agreement is executed after the termination date or other due date in a notification, the person must be made eligible as of the date the written payment agreement was executed. The Ineligible Transaction Code of “06” must be used when transmitting the written payment agreement date for eligibility purposes.

## **416 ITS Transmissions and Written Payment Agreements (Continued)**

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### **B. Defaulted Written Payment Agreement**

If a person defaults on a payment agreement, an I60 record must be submitted in accordance with Para. 202.

If the person executes the written payment agreement prior to the termination date or due date in the notification, and subsequently defaults on the written payment agreement, the Special Purpose Code of “D” must be used when submitting the I60 record.

If the person executes the written payment agreement after the termination date or due date in the notification, then subsequently defaults on the written payment agreement, an Ineligible Transaction Code of “11” must be used when the eligibility reversal date is submitted using the I60 record.

**417-425 (Reserved)**

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## Section 3: RMA Administrator and AIP Authorized Reinstatement

### **426 Late Payment of Debt Authority**

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The Administrator may authorize reinstatement of an ineligible person's policy if the ineligible person can demonstrate that its failure to pay its debt timely was due to an extenuating circumstance that was unforeseeable, unavoidable, or created a situation or event that prevented the person from complying with making timely payment such as, but not limited to, the following:

- (1) a weather event;
- (2) medical event (serious illness or death): or
- (3) an active duty United States military obligation.

See the GSH, Part 7 for more information regarding RMA Administrator Reinstatement conditions.

### **427 AIP Authorized Reinstatement**

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In accordance with 7 CFR part 400, subpart U, the CCIP, and these procedures, the AIP is delegated the authority, by the Administrator, to reinstate a policy of a person determined to be ineligible to participate in the crop insurance program if its ineligibility was solely due to their failure to pay a delinquent debt and the conditions below are met.

See the GSH, Part 7 for more information regarding AIP Reinstatement conditions.

### **428-450 Reserved**

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## Section 4: Bankruptcy

### 451 General

For ineligibility as a result of a delinquent debt, the period of ineligibility will be effective until the debt is paid in full, discharged in bankruptcy, or the person has executed a written payment agreement.

### 452 Filing of Bankruptcy Petition and Ineligibility Determinations

A delinquent debt is a debt that is not satisfied on or before the date of delinquency, such as the termination date, due date contained in a written payment agreement, or due date specified in the notice to the person of the amount due.

- (1) If the person filed a bankruptcy petition on or before the delinquent debt became due, then the person will not be determined ineligible.
- (2) If the person filed a bankruptcy petition after the delinquent debt became due, then the person will be determined ineligible as of the termination date. The filing of bankruptcy does not reinstate eligibility; however, it does prevent the collection of any debts due.

The person's information will be transmitted to ITS. To regain eligibility, the person must either pay the debt in full, execute a written payment agreement (if one has not been executed previously), or have debt discharged in bankruptcy.

**Example:** An insured fails to pay its premium due by the March 15, 2019 termination date. The AIP transmits the insured as ineligible to ITS on April 3, 2019. On March 30, 2019, the insured files for bankruptcy. The AIP is notified of the bankruptcy filing on April 20, 2019. The insured is ineligible as of March 15, 2019 (since the debt was delinquent prior to the bankruptcy filing date). The insured remains ineligible until the debt is discharged.

**Exception:** A person may obtain a crop insurance policy if the court provides specific written authority for the person to incur future crop insurance debt. Once received, eligibility is reinstated as of the bankruptcy filing date.

**Example:** On April 26, 2019, the insured provides the AIP a signed judgment from the court that states the insured may incur crop insurance debt as of March 30, 2019 filing date. The insured regains eligibility retroactive to March 30, 2019 filing date. The period of ineligibility is from March 15, 2019 to March 30, 2019.

## **452 Filing of Bankruptcy Petition and Ineligibility Determinations (Continued)**

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**Example:** The insured files for bankruptcy after the March 15, 2019, termination date. The bankruptcy petition is filed on March 18, 2019. The insured provides the AIP a notice from the court that they may incur future crop insurance debt dated March 30, 2019. The insured regains eligibility retroactive to the March 18, 2019 filing date. The period of ineligibility is from March 15, 2019 to March 18, 2019.

**Note:** The AIP must transmit the I60 record using the Ineligible Transaction Code of "10" including bankruptcy filing date.

## **453 Bankruptcy Discharge**

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A bankruptcy discharge releases the debtor from any delinquent crop insurance debt included in the petition, and any associated amendments to the petition. The discharge is a permanent order prohibiting any form of collection action on the discharged debt. Once a discharge has been received, the person regains eligibility as of the bankruptcy discharge date, unless eligibility is reinstated earlier pursuant to Para. 454.

## **454 Bankruptcy Dismissal**

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When a bankruptcy is dismissed, the delinquent debt is now collectable. If the person filed for bankruptcy on or before the date of delinquency and the debt was not paid in full, then the person is now ineligible and the person's information must be transmitted to ITS. See Para. 457 C. for ITS transmissions for bankruptcy dismissals.

If the bankruptcy was filed after the date of delinquency, then the person is now ineligible. If the person was made eligible due to a signed judgement from the court to incur future debt, then the persons ineligibility must be reestablished. See Para 457 C. for ITS transmissions for bankruptcy dismissals. If the person did not have a signed judgement to incur future debt, then they are currently listed as ineligible and the AIP is not required to do anything. See Part 5 for the effective termination dates by insurance plan.

### A. Bankruptcy Filing Date Prior to Termination or Other Due Date

When a person files a bankruptcy petition prior to the termination date, the AIP must not transmit the person to ITS. The AIP should consult their legal counsel for further guidance.

If an ITS record has been transmitted (either CAT or additional coverage (buy-up)), the AIP must request that the record be deleted and provide a copy of the bankruptcy filing notice with the request to its assigned RMA ITS representative.

**Exception:** For additional coverage (buy-up) policies only, the AIP has the authority to delete the record within the first 7 days of establishment and transmission.

### B. Bankruptcy Filing Date After Termination or Other Due Date

A person's information must be transmitted to ITS within 21 days of the date of delinquency if they are ineligible due to a delinquent debt.

(1) If the person files for bankruptcy:

(a) after the termination date, then they will remain on ITS until the person provides an order from the bankruptcy court to incur future debt in accordance with Paras. 453 and 454 or is discharged in accordance with Para. 455.

(b) after the filing date and before the AIP has transmitted the record to ITS, then the AIP must transmit the record with the appropriate Ineligible Transaction Code that corresponds with the type of debt owed.

**Exception:** If the AIP receives notification that the person may incur future debts, then the AIP must also reestablish eligibility in accordance with Para. 466 below, if applicable.

(2) If the AIP receives documentation indicating the person has filed for bankruptcy after the AIP has transmitted the record to ITS, then the following applies.

(a) For CAT records established in ITS, the AIP must send a copy of the bankruptcy filing notice to their assigned RMA ITS representative. The RMA ITS representative will update the record to reflect that a bankruptcy has been filed.

(b) For additional coverage records established in ITS, the AIP must update I60 record using an Ineligible Transaction Code of "10", including the date the bankruptcy was filed in the bankruptcy date field if the AIP receives notice that the person may incur future crop insurance debt.

**C. Bankruptcy Dismissal**

If the AIP receives notification that the bankruptcy is dismissed, then the following applies.

- (1) For CAT records, the AIP must provide its RMA ITS representative a copy of the dismissal notice.
- (2) For additional coverage records:
  - (a) If the person filed for bankruptcy prior to the termination or other due date, the person should not have been reported to ITS yet due to the pending bankruptcy and when the dismissal is received the AIP must submit an I60 record with the appropriate Ineligible Transaction Code according to the debt type showing the appropriate ineligibility date based on the original termination date or other due date.
  - (b) If the person filed for bankruptcy after the termination date or other due date, then the person is currently listed as ineligible and the AIP is not required to do anything.
  - (c) If the person filed for bankruptcy after the termination date or other due date, and subsequently received a signed judgement to incur future debt and was made eligible as of the filing date, then the AIP must submit an I60 record with the Ineligible Transaction Code of "12" and the Dismissal Date in the Eligibility Reversal Date Field.

**D. Bankruptcy Discharge**

If the AIP receives notification that the bankruptcy is discharged, then the following applies.

- (1) For CAT records, the AIP must provide its RMA ITS representative a copy of the discharge notice.
- (2) For additional coverage records:
  - (a) If the person filed for bankruptcy prior to the termination date or other due date, then the AIP is not required to do anything.
  - (b) If the person filed for bankruptcy after the termination date or other due date, then the AIP must submit an I60 record with an Ineligible Transaction Code of "10" with the discharge date in the bankruptcy field. This ensures that the person is eligible as of the bankruptcy discharge date.

## Section 5: Regaining, Reestablishing, and Reinstating Eligibility

### 461 Regaining Eligibility After a Period of Ineligibility

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After the period of ineligibility has ended, the ineligible person is eligible to participate in programs authorized under the Act, if all eligibility requirements of Para. 301 are met.

### 462 Criteria for Retaining, Regaining, Reestablishing, and Reinstating Eligibility

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For a delinquent debt, eligibility may occur if:

- (1) the delinquent debt is paid in full;
- (2) a written payment agreement is executed, and payments are rendered in accordance with said agreement;
- (3) a notice of bankruptcy discharge or an order from the bankruptcy court to incur future crop insurance debt is provided to the AIP;
- (4) RMA Administrator or AIP Reinstatement is authorized; or
- (5) a favorable NAD decision is granted.

### 463 Debt Write-Off Authority to Retain or Reinstatement Eligibility

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See Appendix III, Part 3 Para. 26 for information regarding debt write-off to retain or reinstate eligibility.

All CAT fees must be collected in full to retain or reinstate eligibility. There is no write-off authority for CAT fees.

### 464 Reestablishing Eligibility After NAD Appeal

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#### A. Favorable NAD Decision

If eligibility is reinstated based on a favorable NAD decision for the appellant or a rescission by the FCIC based on information presented in the NAD appeal, then the person is eligible as of the termination date and all voided or terminated policies are reinstated.

The person will be removed from ITS. If the person meets all eligibility requirements and complied with all policy provisions, then the person is entitled to all applicable insurance benefits for any affected crop effective with the beginning of the crop year insurance coverage was denied due to being listed in ITS.

#### B. Unfavorable NAD Decision

If the person received an unfavorable NAD decision, the person remains ineligible for the established period of ineligibility.

## **465 Regaining Eligibility Under a Written Payment Agreement**

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Regaining eligibility under a written payment agreement requires the person to make all payments according to the agreement. Failing to comply with the agreement will result in an immediate determination of ineligibility. A subsequent Notice of Debt or Notice of Ineligibility is not required to be sent upon default.

## **466 Reestablishing Eligibility for Bankruptcy**

### **A. Notification to Incur Future Debts**

- (1) If the person filed for bankruptcy prior to the termination date or other due date, then the following applies:
  - (a) For CAT policies, the AIP must notify its RMA ITS representative that the person is eligible, provide a copy of the bankruptcy filing and an order from the bankruptcy court to incur future debts.
  - (b) For additional coverage policies, the AIP is not required to transmit anything to ITS.
- (2) If the person filed for bankruptcy after the termination or other due date, then the following applies:
  - (a) For CAT policies, the AIP must notify its RMA ITS representative that the person is eligible, provide a copy of the bankruptcy filing and an order from the bankruptcy court permitting the insured to incur future debts.
  - (b) For additional coverage policies, the AIP must transmit the I60 record using the Ineligible Transaction Code of "10", including the bankruptcy date as of the date of filing.

### **B. Debt Discharge**

If the person filed for bankruptcy prior to the termination date or other due date:

- (1) For CAT policies, the AIP must provide a copy of the bankruptcy discharge from the court.
- (2) For additional coverage policies, the AIP is not required to transmit anything to ITS.

If the person filed for bankruptcy after the termination date or other due date:

- (1) For CAT policies, the AIP must notify its RMA ITS representative that the person is bankruptcy eligible, and provide a copy of the bankruptcy discharge from the court.
- (2) For additional coverage policies, the AIP must transmit the I60 record using the Ineligible Transaction Code of "10", including the bankruptcy date as of the date of Discharge.

## 467 Reinstatement of Eligibility

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If an ineligible person is subsequently determined to be an eligible person through mediation, arbitration, appeal, judicial review, or RMA Administrator or AIP authorized reinstatement, such person's policies will be reinstated effective at the beginning of the crop year for which the person was determined ineligible. The eligible person will be entitled to all applicable benefits under such policies, provided the person meets all eligibility requirements and complies with the terms of the policy.

Once a policy is terminated or voided it cannot be reinstated for the current crop year unless it was terminated or voided in error, or RMA Administrator or AIP authorized reinstatement applies.

## 468 Obtaining Crop Insurance After Regaining Eligibility

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- If a person wishes to obtain crop insurance authorized under the Act after the person regains eligibility, they must submit a new application for crop insurance coverage on or before the applicable SCD of the terminated or desired policy(ies). If the date of regaining eligibility occurs after the applicable SCD for the crop, the person may not obtain crop insurance until the following year.

**Exception:** Some crops, such as Nursery, allow applications to be submitted after the SCD with a waiting period for insurance attachment. In such cases, the person would be able to participate in that crop program in the crop year eligibility is regained, if a new application is submitted and all other criteria met. This is considered a new policy, not a policy being reinstated

## 469 Coverage for a Reinstated Policy

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If a policy was terminated or voided and then reinstated because it was terminated or voided in error, or RMA Administrator or AIP reinstatement applied, then reinstatement is effective for the crop year that the policy was terminated or voided.

For RMA Administrator or AIP Reinstatement, the coverage provided under the reinstated policy will use the same plan of insurance, coverage levels, endorsements and options the person had prior to termination or voidance, provided the person continues to meet all eligibility requirements and comply with the terms of the policy, and there is no evidence of misrepresentation or fraud. To make changes in a subsequent policy year a Policy Change form or a new Application is required.

The insured must remain with the original agent and AIP unless a transfer application was completed prior to the termination date for the new policy. It is the responsibility of the original AIP or the insured to notify the succeeding AIP of the decision for RMA Administrator Authorized reinstatement.

## 470-500 (Reserved)

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**PART 5: TERMINATION**  
**Section 1: Common Crop Insurance Policy (CCIP)**

**501 Unpaid Administrative Fees or Premiums**

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For a policy with unpaid administrative fees or premiums, termination is effective based on the following.

**A. 2010 or prior CYs and 2011 CY with CCD before April 30, 2010**

If the policy is for crop year 2010 or prior year's policies or for crop year 2011 with a CCD before April 30, 2010, for all crops on which insurance attached before the insured became ineligible, then the termination is effective on the termination date on or immediate following the date the insured became ineligible.

**Example:** Wheat has a SCD of September 30, 2009, and a termination date of November 30, 2010. The insured does not pay the premium for the 2009 crop year by the termination date of November 30, 2010. The insured planted wheat prior to November 30, 2010. Since insurance attached prior to the termination date, the wheat policy cannot be terminated for the 2010 crop year. All other policies with a termination date after November 30, 2010, would be terminated if the debt still existed on their respective termination dates. The wheat policy would be terminated for the 2011 crop year, if the insured remained ineligible at that time.

**B. 2011 with a CCD on or after April 30, 2010 and Subsequent CYs**

If the policy is for crop year 2011 with a CCD on or after April 30, 2010, and subsequent crop years, then termination is effective on the termination date immediately subsequent to the billing date for the crop year.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

**Example:** 2019 crop year wheat has a SCD of September 30, 2018, and a termination date of November 30, 2019. Insured B does not pay the premium for the 2018 crop year by the November 30, 2018, termination date.

Insured B planted wheat prior to November 30, 2018. The wheat policy would be terminated for the 2019 crop year as of September 30, 2018. All other policies with a termination date after November 30, 2018, would be terminated if the debt still existed on their respective termination dates.

## **502 Other Amounts Due**

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For a policy with unpaid other amounts due termination is effective based on the following.

### **A. 2010 or prior CYs and 2011 CY with CCD before April 30, 2010**

If the policy is for crop year 2010 or prior year's policies or for crop year 2011 with a CCD before April 30, 2010, for all crops on which insurance attached before the insured became ineligible, then the termination is effective on the termination date on or immediate following the date the insured became ineligible.

### **B. 2011 with a CCD on or after April 30, 2010 and Subsequent CYs**

If the policy is for crop year 2011 with a CCD on or after April 30, 2010, and subsequent crop years, then termination is effective on the termination date immediately subsequent to the billing date for the crop year.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

## **503 Failure to Make Scheduled Payment Under Written Payment Agreement**

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The termination effective date for a policy when an insured fails to make a scheduled payment under a written payment agreement is the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the crop year will start the day after the termination date and end on the next termination date.

**Example 1:** The termination date is November 30, 2017, and Insured A entered into a written payment agreement on or before November 30, 2017. Insured A fails to make the first scheduled payment on November 15, 2018. The policy will terminate on November 30, 2017, for the 2018 crop year.

**Example 2:** The termination date is November 30, 2017, and Insured A entered into a written payment agreement on or before November 30, 2017. Insured A fails to make a scheduled payment on December 15, 2018. The policy will terminate on November 30, 2018, for the 2019 crop year.

## **504 All Other Policies Affected**

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A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred. The following provides the termination effective date for policies other than the policy for which the delinquent debt occurred.

### **A. 2010 or prior CYs and 2011 CY with CCD before April 30, 2010**

If the policy is for crop year 2010 or prior year's policies or for crop year 2011 with a CCD before April 30, 2010, for all crops on which insurance attached before the insured became ineligible, then the termination is effective on the termination date on or immediate following the date the insured became ineligible.

### **B. 2011 with a CCD on or after April 30, 2010, and Subsequent CYs**

If the policy is for crop year 2011 with a CCD on or after April 30, 2010, and subsequent crop years, then termination is effective on the termination date:

- (1) that coincides with the termination date for the policy with the delinquent debt; or
- (2) immediately following the date the insured became ineligible if there is no coincidental termination date (i.e., termination dates occurring at the same time).

## **505 Dismissal of Bankruptcy Petition Before Discharge**

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The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

## **506-510 (Reserved)**

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## Section 2: Rainfall and Vegetation Index Plans

### **511 Unpaid Administrative Fees or Premiums**

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If the policy is terminated because of unpaid administrative fees or premiums, then the termination is effective on the termination date immediately subsequent to the billing date for the crop year.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

### **512 Other Amounts Due**

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If the policy is terminated due to other amounts due, then the termination is effective on the termination date immediately subsequent to the billing date for the crop year.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

### **513 Failure to Make Scheduled Payment Under Written Payment Agreement**

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The termination effective date for a policy when an insured fails to make a scheduled payment under a written payment agreement is the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the crop year will start the day after the termination date and end on the next termination date.

**Example 1:** Insured A entered into a written payment agreement on or before the November 30, 2017, termination date. Insured A fails to make a scheduled payment on November 15, 2018. The policy will terminate on November 30, 2017, for the 2018 crop year.

**Example 2:** Insured A entered into a written payment agreement on or before the November 30, 2017, termination date. Insured A fails to make a scheduled payment on December 15, 2018. The policy will terminate on November 30, 2018, for the 2019 crop year.

#### **514 All Other Policies Affected**

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A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred.

The termination is effective on the termination date:

- (1) that coincides with the termination date for the policy with the delinquent debt; or
- (2) immediately following the date the insured became ineligible if there is no coincidental termination date.

#### **515 Dismissal of Bankruptcy Petition Before Discharge**

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The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

#### **516-520 (Reserved)**

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### **Section 3: Whole Farm Revenue Protection (WFRP)**

#### **521 Unpaid Administrative Fees or Premiums**

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If the policy is terminated because of unpaid administrative fees or premiums, then the termination is effective on the first day of the insurance year immediately subsequent to the insurance year for which the premium or administrative fee was due.

Insurance will be considered not to have attached in the subsequent year and no premium will be owed or indemnity paid.

#### **522 Other Amounts Due**

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If the policy is terminated due to other amounts due, then the termination is effective on the termination date immediately after the account becomes delinquent.

#### **523 Failure to Make Scheduled Payment Under Written Payment Agreement**

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The termination effective date for a policy when an insured fails to make a scheduled payment under a written payment agreement is the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the insurance year will start the day after the termination date.

**Example:** Insured A entered into a written payment agreement on or before the March 15, 2017, termination date with the first payment due date of March 15, 2018. If the termination date is March 15, 2018, and Insured A fails to make a payment on or before March 15, 2018, the policy will terminate on March 15, 2017, for the 2018 insurance year.

#### **524 All Other Policies Affected**

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A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred.

The termination is effective on the termination date:

- (1) that coincides with the termination date for the policy with the delinquent debt; or
- (2) immediately following the date the insured became ineligible if there is no coincidental termination date.

#### **525 Dismissal of Bankruptcy Petition Before Discharge**

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The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

#### **526-530 (Reserved)**

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## Section 4: Livestock Risk Protection (LRP)

### **531 Unpaid Premiums or Administrative Fees**

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If the policy is terminated because of unpaid premium resulting from a check returned for insufficient funds, then the termination is effective on the effective date of the Specific Coverage Endorsement.

### **532 Other Amounts Due**

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If the policy is terminated because of other amounts of due, then termination is effective on the termination date immediately after the debt become delinquent.

### **533 Failure to Make a Scheduled Payment Under a Written Payment Agreement**

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If the policy is terminated because of the failure to make scheduled payment under a written payment agreement, then termination is effective on the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

### **534 All Other Policies Affected**

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A delinquent debt for any policy will result in termination of all of the insured's policies, including crop policies, issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred. The termination effective date for other policies for which a debt is not delinquent, but are terminated because of a delinquent debt for the insured's Livestock Risk Protection policy depends on the type of delinquent debt.

#### **A. Unpaid Premiums or Administrative Fees**

If all other policies are being terminated because of unpaid premium resulting from a check returned for insufficient funds, then the termination of such policies is effective on the next termination date contained in the applicable policy.

#### **B. Other Amounts Due**

If the policy is terminated because of other amounts due, then the termination date is effective on the termination date immediately after the debt becomes delinquent.

#### **C. Failure to Make a Scheduled Payment Under a Written Payment Agreement**

If the policy is terminated because of the failure to make a scheduled payment under a written payment agreement, then termination is effective on the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

### **535 Dismissal of Bankruptcy Petition Before Discharge**

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Dismissal of a bankruptcy petition before discharge will void all policies in effect retroactive to the date the insured was originally determined ineligible to participate.

### **536-540 (Reserved)**

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## Section 5: Livestock Gross Margin (LGM)-Cattle

### **541 Unpaid Premiums or Administrative Fees**

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If the policy is terminated because of unpaid premium resulting from a check returned for insufficient funds, then the termination is effective on the SCD.

### **542 Other Amounts Due**

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If the policy is terminated because of other amounts of due, then termination is effective on the termination date immediately after the debt become delinquent.

### **543 Failure to Make a Schedule Payment Under a Written Payment Agreement**

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If the policy is terminated because of the failure to make scheduled payment under a written payment agreement, then termination is effective on the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

### **544 All Other Policies Affected**

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A delinquent debt for any policy will result in termination of all of the insured's policies, including crop policies, issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred. The termination effective date for other policies for which a debt is not delinquent, but are terminated because of a delinquent debt for the insured's LGM—Cattle policy depends on the type of delinquent debt.

#### **A. Unpaid Premiums or Administrative Fees**

If all other policies are being terminated because of unpaid premium resulting from a check returned for insufficient funds, then the termination of such policies is effective on the next termination date contained in the applicable policy.

#### **B. Other Amounts Due**

If all other policies are being terminated because of other amounts due, then the termination of such policies is effective on the next termination date contained in the applicable policy.

#### **C. Failure to Make a Scheduled Payment Under a Written Payment Agreement**

If the policy is terminated because of the failure to make a scheduled payment under a written payment agreement, then termination is effective on the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

### **545 Dismissal of Bankruptcy Petition Before Discharge**

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Dismissal of a bankruptcy petition before discharge will void all policies in effect retroactive to the date the insured was originally determined ineligible to participate.

### **546-550 (Reserved)**

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## Section 6: Livestock Gross Margin –Swine and Dairy

### 551 Unpaid Premium or Administrative Fees

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#### A. 2010 or Prior CYs for Dairy and 2011 or Prior CY for Swine

If the policy is for 2010 or prior crop years for dairy or 2011 or prior crop years for swine and the policy is terminated due to unpaid premium resulting from a check returned for insufficient funds, then the termination of such policy is effective on the SCD.

#### B. 2011 or Subsequent CYs for Dairy and 2012 or Subsequent CYs for Swine

If the policy is for 2011 or subsequent crop years for dairy or 2012 or subsequent crop years for swine and the policy is terminated due to unpaid premium resulting from a check returned for insufficient funds, then the termination of such policy is effective on the termination date immediately subsequent to the billing date for the crop year.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

### 552 Other Amounts Due

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#### A. 2010 or Prior CYs for Dairy and 2011 or Prior CY for Swine

If the policy is for 2010 or prior crop years for dairy or 2011 or prior crop years for swine and the policy is terminated due to other amounts due, then the termination of such policy is effective on the termination date immediately after the date the debt becomes delinquent.

#### B. 2011 or Subsequent CYs for Dairy and 2012 or Subsequent CYs for Swine

If the policy is for 2011 or subsequent crop years for dairy or 2012 or subsequent crop years for swine and the policy is terminated due to other amounts due, then the termination of such policy is effective on the termination date immediately following the date the debt becomes delinquent.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

## **553 Failure to Make a Schedule Payment Under a Written Payment Agreement**

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### **A. 2010 or Prior CYs for Dairy and 2011 or Prior CY for Swine**

If the policy is for 2010 or prior crop years' for dairy or 2011 or prior crop years' for swine and the policy is terminated due to the failure to make a scheduled payment under a written payment agreement, then the termination of such policy is effective on the termination date for the crop year prior to the crop year in which the insured failed to make a scheduled payment.

### **B. 2011 or Subsequent CYs for Dairy and 2012 or Subsequent CYs for Swine**

If the policy is for 2011 or subsequent crop years' for dairy or 2012 or subsequent crop years' for swine and the policy is terminated due to the failure to make a scheduled payment under a written payment agreement, then the termination of such policy is effective on the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the crop year will start the day after the termination date and end on the next termination date.

## **554 All Other Policies Affected**

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A delinquent debt for any policy will result in termination of all of the insured's policies, including crop policies, issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred. The termination effective date for other policies for which a debt is not delinquent but are terminated because of delinquent debt for the insured's LGM-Swine or Dairy policy depends on the type of delinquent debt. The following provides the termination effective date for such other policies.

### **A. 2010 or Prior CYs for Dairy and 2011 or Prior CYs for Swine**

#### **(1) Unpaid Premiums or Administrative Fees**

If all other policies are being terminated because of unpaid premium resulting from a check returned for insufficient funds, then the termination of such policies is effective on the next termination date contained in the applicable policy.

#### **(2) Other Amounts Due**

If all other policies are being terminated because of other amounts due, then the termination of such policies is effective on the next termination date contained in the applicable policy.

#### **(3) Failure to Make Scheduled Payment under a Written Payment Agreement**

If the policy is terminated because of the failure to make a scheduled payment under a written payment agreement, then termination is effective on the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

## **554 All Other Policies Affected**

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### **B. 2011 or Subsequent CYs for Dairy and 2012 or Subsequent CYs for Swine**

If the policy is for 2011 or subsequent crop years for dairy or 2012 or subsequent crop years for swine and the policy is terminated due to unpaid administrative fees or premiums, other amounts due, or the failure to make a scheduled payment under a written payment agreement, then the termination is effective on the termination date:

- (1) that coincides with the termination date for the policy with the delinquent debt; or
- (2) immediately following the date the insured became ineligible if there is no coincidental termination date.

## **555 Dismissal of Bankruptcy Petition Before Discharge**

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The effect of a dismissal of bankruptcy petition depends on the crop year of the LGM-Swine or Dairy policy.

### **A. 2010 or Prior CYs for Dairy and 2011 or Prior CYs for Swine**

If the policy is for 2010 or prior crop years for dairy or 2011 or prior crop years for swine, then dismissal of a bankruptcy petition before discharge will void all policies in effect retroactive to the date the insured was originally determined ineligible to participate.

### **B. 2011 or Subsequent CYs for Dairy and 2012 or Subsequent CYs for Swine**

If the policy is for 2011 or subsequent crop years for dairy or 2012 or subsequent crop years for swine, then dismissal of the bankruptcy petition before discharge will terminate the policy effect on the termination date the policy was or would have been terminated.

## **556-560 (Reserved)**

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## Section 7: Area Risk Protection Insurance Policy (ARPI)

### **561 Unpaid Administrative Fees or Premiums**

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If the policy is terminated because of unpaid administrative fees or premiums, then the termination is effective on the termination date immediately subsequent to the billing date for the crop year.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

### **562 Other Amounts Due**

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If the policy is terminated due to other amounts due, then the termination is effective on the termination date immediately following the date the debt becomes delinquent.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

### **563 Failure to Make Scheduled Payment Under Written Payment Agreement**

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The termination effective date for a policy when an insured fails to make a scheduled payment under a written payment agreement is the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the crop year will start the day after the termination date and end on the next termination date.

**Example 1:** The termination date is November 30, 2017, and Insured A entered into a written payment agreement on or before November 30, 2017. Insured A fails to make a scheduled payment on November 15, 2018. The policy will terminate on November 30, 2017, for the 2018 crop year.

**Example 2:** The termination date is November 30, 2017, and Insured A entered into a written payment agreement on or before November 30, 2017. Insured A fails to make a scheduled payment on December 15, 2018. The policy will terminate on November 30, 2018, for the 2019 crop year.

#### **564 All Other Policies Affected**

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A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred.

The termination is effective on the termination date:

- (1) that coincides with the termination date for the policy with the delinquent debt; or
- (2) immediately following the date the insured became ineligible if there is no coincidental termination date.

#### **565 Dismissal of Bankruptcy Petition Before Discharge**

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The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

#### **566-570 (Reserved)**

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## Section 8: Dairy Revenue Protection Insurance Policy (DRPI)

### 571 Unpaid Administrative Fees or Premiums

If the policy is terminated because of unpaid administrative fees or premiums, then the termination is effective on the termination date immediately subsequent to the billing date for the crop year.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

### 572 Other Amounts Due

If the policy is terminated due to other amounts due, then the termination is effective on the termination date immediately following the date the debt becomes delinquent.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity will be owed.

### 573 Failure to Make Scheduled Payment Under Written Payment Agreement

The termination effective date for a policy when an insured fails to make a scheduled payment under a written payment agreement is the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the crop year will start the day after the termination date and end on the next termination date.

**Example 1:** The termination date is November 30, 2018, and Insured A entered into a written payment agreement on or before November 30, 2018. Insured A fails to make a scheduled payment on November 15, 2019. The policy will terminate on November 30, 2018, for the 2019 crop year.

**Example 2:** The termination date is November 30, 2018, and Insured A entered into a written payment agreement on or before November 30, 2018. Insured A fails to make a scheduled payment on December 15, 2019. The policy will terminate on November 30, 2018, for the 2019 crop year.

#### **574 All Other Policies Affected**

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A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the Act, not just the policy for which the delinquent debt occurred.

The termination is effective on the termination date:

- (1) that coincides with the termination date for the policy with the delinquent debt; or
- (2) immediately following the date the insured became ineligible if there is no coincidental termination date.

#### **575 Dismissal of Bankruptcy Petition Before Discharge**

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The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

#### **576-580 (Reserved)**

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## **Section 9: Disqualification, Debarment, Suspension, and Knowingly Defrauding the United States**

### **581 Disqualification, Debarment, or Suspension Termination Effective Date**

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The termination effective date for ineligibility as a result of disqualification, debarment, or suspension will be the termination date following the date the person was disqualified, debarred, or suspended by debaring official, Administrative Law Judge, or such other person authorized to take such action, unless otherwise provided in the order.

### **582 Knowingly Defrauding the United States Termination Effective Date**

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The termination effective date for a felony conviction for knowingly defrauding the United States in connection with any program administered by USDA will be the beginning of the crop year in which the individual is convicted.

### **583-590 (Reserved)**

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## Section 10: Pending Claims

### **591 Claim Pending**

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An insured may have a claim for an indemnity pending at the time of the termination date. A pending claim does not affect the obligation of the insured to pay the premium by the termination date to maintain eligibility for crop insurance coverage. AIP will terminate insurance coverage on the termination date on the basis that the premium is delinquent without regard to a pending indemnity.

When a claim which results in a payable indemnity was signed by the producer prior to the crop termination date, and satisfies the outstanding insurance debt:

- (1) the person's eligibility will be reinstated effective with the beginning of the crop year for the affected crop(s); and
- (2) crop insurance coverage will be effective provided all policy provisions and responsibilities, such as filing applicable reports, giving notice of damage, etc., have been met.

### **592-600 (Reserved)**

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## PART 6: VOIDANCE

### 601 Criteria for Voiding Policies

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A policy will be voided when:

- (1) the individual is convicted of a controlled substance violation;
- (2) the applicant or insured is a corporation, partnership, joint venture, trust, corporation, limited liability company, limited partnership, or other similar entity that was created to conceal the interest of an ineligible person or to evade the ineligibility determination of a person with a SBI in the applicant or insured;
- (3) the insured falsely or fraudulently conceals the fact they are ineligible to receive benefits under the Act;
- (4) the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy; or
- (5) dismissal of a bankruptcy petition before discharge occurs, but only for the following policies.
  - (a) Livestock Risk Protection.
  - (b) LGM-Cattle.
  - (c) Crop year 2011 and prior LGM-Swine.
  - (d) Crop year 2010 and prior LGM-Dairy.

**Note:** Dismissal of a bankruptcy petition before discharge occurs will result in termination, not voiding, of the following policies.

- (a) CCIP.
- (b) Rainfall and Vegetation Index Plan.
- (c) Crop year 2012 and subsequent LGM-Swine.
- (d) Crop year 2011 and subsequent LGM-Dairy.
- (e) ARPI

### 602 Concealment, Misrepresentation, or Fraud

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#### A. CCIP, ARPI, WFRP, DRPI, LGM-Dairy for 2011 and Subsequent CYs and RI/VI

If for the aforementioned policies the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the Act; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then the policy is void.

## **602 Concealment, Misrepresentation, or Fraud (Continued)**

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### **B. LGM-Cattle, LGM-Swine, or LGM-Dairy for 2010 and Prior CYs**

If for the aforementioned policies the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the Act; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then the policy is void for each insurance period in which the concealment, misrepresentation, or fraud occurred.

### **C. Livestock Risk Protection Policy**

If for the aforementioned policies the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the Act; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then the policy, including all Specific Coverage Endorsements, is void for each crop year in which the concealment, misrepresentation, or fraud occurred.

## **603 Voidance Effective Date**

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The voidance effective date depends on the reason the policy is being voided and type of policy.

### **A. Controlled Substance Violation**

- (1) Planting, Cultivating, Growing, Producing, Harvesting, or Storing a Controlled Substance.

If the policy is voided because of a conviction for planting, cultivating, growing, producing, harvesting, or storing a controlled substance, then the voidance is effective on the beginning of the crop year in which the individual is convicted.

- (2) Possession of or Trafficking in a Controlled Substance.

If the policy is voided because of a conviction for the possession of or trafficking in of a controlled substance, then voidance is effective beginning the crop year in which the individual is convicted, unless determined otherwise by the court.

### **B. Creating Entity to Conceal or Evade Ineligibility**

When a policy is voided because the applicant or insured is an entity that was created to conceal the interest of an ineligible person or to evade an ineligibility determination of a person with a SBI in the applicant or insure, the voidance effective date is the beginning of the first crop year such entity had a policy.

**C. Concealment, Misrepresentation, or Fraud**

- (1) CCIP, ARPI, LGM-Dairy, LGM-Swine, LGM-Cattle, or RI/VI

If for the aforementioned policies the policy is voided because the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the Act; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then voidance is effective on the first day of the insurance period for the crop year in which the act occurred.

- (2) WFRP

If the policy is voided because the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the Act; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then voidance is effective on the first day of the insurance year for the crop year in which the act occurred.

- (3) Livestock Risk Protection

If the policy is voided because the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the Act; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then voidance is effective on the effective date or dates for the crop year in which the act occurred.

- (4) DRPI

If the policy is voided because the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the Act; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then voidance will be effective on the sales period begin date of the quarterly coverage endorsement purchased for the crop year in which the act occurred.

- (5) RMA Administrator and AIP Authorized Reinstatement

RMA Administrator and AIP Authorized Reinstatement will not be granted if there is evidence of misrepresentation or fraud. If the RMA Administrator or AIP reinstates the person's policy and RMA or the AIP later discovers evidence of misrepresentation or fraud in the materials presented to the AIP, the person is subject to remedial sanctions in accordance with 7 CFR part 400, subpart R.

## **603 Voidance Effective Date**

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### **C. Concealment, Misrepresentation, or Fraud**

Additionally, the person's ineligibility will be reinstated retroactive to the original date of ineligibility. Any policy issued subsequent to the granting of administrative reinstatement will be void, and the person will be required to pay 20 percent of the premium that would otherwise be required to pay to offset costs incurred by the AIP in service of the policy(ies). If previously paid, the balance of the premium paid for any new policy will be returned. Voidance of the policy will result in the person having to reimburse all indemnities, replant and prevented planting payments for the crop years in which the voidance was effective.

## **604-700 (Reserved)**

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**PART 7: RESERVED**

**701-750 (Reserved)**

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Reserved

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Reserved

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Reserved

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Reserved

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Reserved

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Reserved

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**Disclaimer**

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Exhibits 5-11 are provided by RMA as a guide for AIPs in the development of the letters and written payment agreements used in debt notification and resolution. Before using them, AIPs must review the letters and written payment agreement in the exhibit to determine if they address the specific situation. They may be modified as necessary, provided all modifications conform to the provisions in 7 CFR, Part 400, Subpart U, the applicable crop policy and the procedures in this handbook.

The letters contained in exhibits 12-15 are to be used exclusively by RMA in the Notice of Ineligibility.

Reserved

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## Notice of Debt and Pre-Termination for Debts, Except Debts of Other Amounts Due

The following is an example AIPs may use as a guide to provide persons a notice of debt and pre-termination for debts, excluding debts of other amounts due. See exhibit 6 for an example letter for debts of other amounts due.

### (AIP Letterhead)

(AIP Name and Address)

Date: MM/DD/YY

Policy Number: XXXXXXXX

The enclosed billing states the amount of premium, interest, administrative fees and/or other related charges which are unpaid according to our records. Also included on the billing is the termination date as stated in your policy. **IF YOUR PAYMENT WAS RECENTLY MADE, PLEASE DISREGARD THE REMAINDER OF THIS LETTER.**

You have the right to a complete explanation of this debt, to inspect and copy our records related to the debt, to contest any information in our records pertaining to the debt, and to an administrative review if you believe the debt is not correct. You may enter into a written payment agreement on terms acceptable to you and us if a review of your financial position supports that you are unable to pay the entire debt amount. Send requests for a written payment agreement to the above address. Written payment agreements must be executed on or before the termination date.

Failure to pay the entire debt amount or execute a written payment agreement by the termination date will result in the debt being determined delinquent and termination of your policy. Interest, fees, and other penalties, as applicable, will be assessed according to the terms of your policy. In addition, all your other policies may be terminated in accordance with the terms and conditions of your policy. Further, you will be determined ineligible for benefits under the Federal Crop Insurance Act (ACT). To avoid the debt being determined delinquent the entire debt amount must be received by us or postmarked, or a written payment agreement executed, by the termination date.

The Risk Management Agency (RMA) compiles a list of persons who have been found ineligible for program benefits under the ACT. The ineligible list is used by RMA and all Approved Insurance Providers reinsured by the Federal Crop Insurance Corporation for the purposes of denying crop insurance coverage. Your name will be placed on the ineligible list, future benefits under the ACT will be denied, and any new application for crop insurance will be rejected if the entire debt amount is not paid or a written payment agreement is not executed by the crop termination date. If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

A request for an administrative review must be in writing, state the basis of your belief the debt is incorrect, and be received within thirty (30) days of the date of this letter. Send the request to the above address. Requesting an administrative review does not delay, defer, or otherwise change the requirement the entire debt be paid or a written payment agreement be executed by the termination date, or your name being placed on the ineligible list. An administrative review does not take the place of, or limit your right to, mediation, arbitration, or judicial review, as applicable, according to the terms of your policy.

We appreciate your business and immediate attention to this matter.

Reserved

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## Notice of Debt and Pre-Termination for Debts of Other Amounts Due

The following is an example AIPs may use as a guide to provide persons a notice of debt and pre-termination for other amounts due. Other amounts due include, but are not limited to, indemnities, prevented planting payments, or replant payments found not to have been earned or that were overpaid, premium billed with a due date after the termination date for the crop year in which premium is earned, and any interest, administrative fees, and penalties on such amounts, if applicable.

### (AIP Letterhead)

(AIP Name and Address)

Date: MM/DD/YY

We have determined you owe a debt in the amount of \$\_\_\_\_\_ under policy (XXXXXXX). The debt results from (provide an explanation of the cause of debt, including any interest or fees included in the total amount due).

Please send your check, draft, or money order for the entire debt amount within thirty (30) days from the date of this letter using the enclosed self-addressed envelope.

You have the right to a complete explanation of this debt, to inspect and copy our records related to the debt, to contest any information in our records pertaining to the debt, and to an administrative review if you believe the debt is not correct. You may enter into a written payment agreement on terms acceptable to you and us if a review of your financial position supports that you are unable to pay the entire debt amount. Send requests for a written payment agreement to the above address.

Failure to pay the entire debt amount or execute a written payment agreement within thirty (30) days from the date of this letter will result in the debt being determined delinquent and termination of your policy. Interest, fees, and other penalties, as applicable, will be assessed according to the terms of your policy. In addition, all your other policies may be terminated in accordance with the terms and conditions of your policy. Further, you will be determined ineligible for benefits under the Federal Crop Insurance Act (ACT). To avoid the debt being determined delinquent the entire debt amount must be received by us or postmarked, or a written payment agreement executed, within thirty (30) days of the date of this letter.

The Risk Management Agency (RMA) compiles a list of persons who have been found ineligible for program benefits under the ACT. The ineligible list is used by RMA and all Approved Insurance Providers reinsured by the Federal Crop Insurance Corporation for the purposes of denying crop insurance coverage. Your name will be placed on the ineligible list, future benefits under the ACT will be denied, and any new application for crop insurance will be rejected if the entire debt is not paid or a written payment agreement is not executed within thirty (30) days from the date of this letter. If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

A request for an administrative review must be in writing, state the basis of your belief the debt is incorrect, and be received within thirty (30) days of the date of this letter. Send the request to the above address. Requesting an administrative review does not delay, defer, or otherwise change the requirement the entire debt be paid or a written payment agreement be executed within thirty (30) days of the date of this letter, or being placed on the ineligible list. An administrative review does not take the place of, or limit your right to, mediation, arbitration, or judicial review, as applicable, according to the terms of your policy.

We appreciate your business and immediate attention to this matter.

Reserved

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Reserved

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Reserved

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**Written Payment Agreement**

The following is an example AIPs may use as a guide when developing a written payment agreement.

| <b>WRITTEN PAYMENT AGREEMENT<br/>(AIP Letterhead)</b>   |             |          |
|---|-------------|----------|
| MM/DD/YY<br>(AIP NAME)  |             |          |
| I(we), do hereby acknowledge a debt to the (AIP name) under contract for the (YYYY) crop year. In consideration of the Approved Insurance Provider (AIP) agreeing to forebear immediate collection action, I(we) agree to pay the total sum of \$ which includes interest to be accrued during this agreement. I(we) agree to pay each scheduled payment as shown below, until such indebtedness is paid in full.   |             |          |
| Scheduled Due Dates:  | Amount Due: | Comment: |
|   |             |          |
|   |             |          |
|   |             |          |
|   |             |          |
|   |             |          |
|   |             |          |
| <b>Total:</b>   |             |          |
| <p>These payments will be made to <u>(AIP name and address)</u>. These payments are to be made by me(us) without regular billings from the AIP. I(we) may request and will be given a current status of my(our) debt by contacting the AIP.</p> <p>If the AIP processes any indemnity claim while any debt referred to in this agreement is still outstanding, I(we) understand the indemnity will not be paid to me(us) but will be applied as payment against this debt.</p> <p>If I(we) fail to make payment on or before, or payment is not postmarked on or before, the scheduled due date, I(we) understand that this agreement will be null and void. If this agreement becomes null and void, I(we) understand that I(we) will be placed on the Ineligible listing for failure to pay by a scheduled due date. I(we) understand that I(we) may be ineligible for certain other USDA program benefits.</p> |             |          |
| Signature _____   | Date _____  | _____    |
| Signature _____   | Date _____  | _____    |
| Approved _____  | Date _____  | _____    |
| AIP   |             |          |

Reserved

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**AIP Debtors Notice of Ineligibility**

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The following is a sample letter used by RMA to notify persons determined ineligible for failure to pay a debt.

(USDA/RMA/FCIC)

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax Id Number: XXXXX5555

ABC Insurance Company, (555) 555-5555

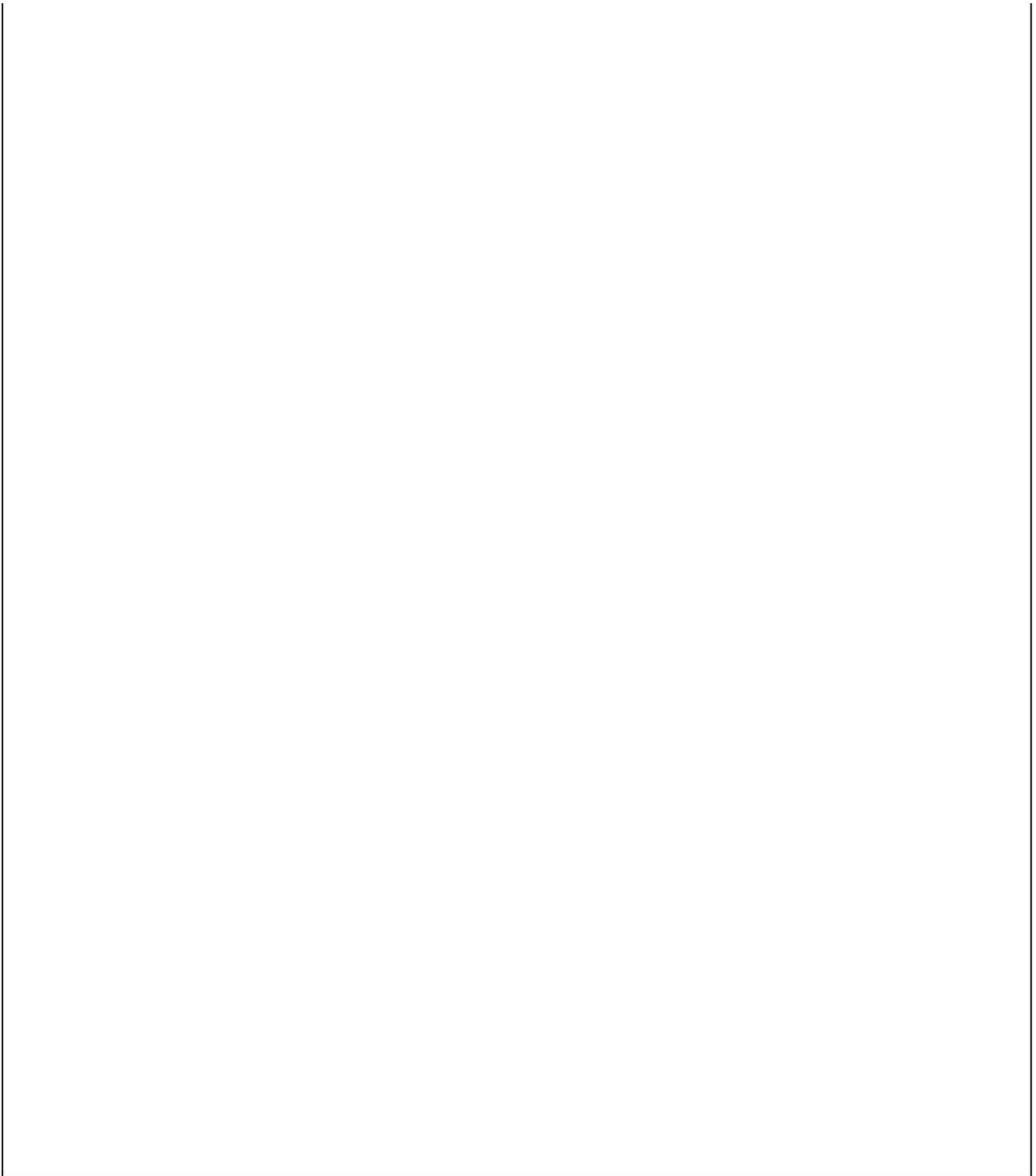
The above stated Approved Insurance Provider (AIP) notified this office of their determination that you are ineligible to participate in the Federal crop insurance program. The reason stated was your failure to pay the (premium and/or overpaid indemnity) associated with your (crop year) crop insurance policy by (MM/DD/YYYY), the date stated in the policy.

The AIP has certified that the debt was not paid by the termination date, or date it was due, that you were notified of the debt and you were given the opportunity to dispute the amount and existence of the debt. Based on the terms of your policy and 7 CFR Part 400, Subpart U, after proper notification and ability to contest the debt, failure to pay these amounts when due renders you ineligible to participate in the Federal crop insurance program.

In accordance with the terms of the policy and 7 CFR Part 400, Subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest. You will remain ineligible to participate from the date the debt was determined to be delinquent until the date eligibility is reinstated in accordance with 7 CFR 400.683. Once eligibility is reinstated, you **must** submit a new application to obtain crop insurance according to 7 CFR 400.685.

Since the determination that you are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of your policy. If you have documentation to show that action taken to include you on the Ineligible Tracking System (ITS) by the Risk Management Agency (RMA) was in error, you may appeal the placement on ITS by RMA according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

Your ineligibility for Federal crop insurance may cause you to be ineligible for other USDA program benefits.



Reserved

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## AIP Debtors Notice of Ineligibility for Partners of Indebted Partnerships

The following is a sample letter used by RMA to notify partners of a partnership determined ineligible for failure to pay a debt.

(USDA/RMA/FCIC Letterhead)

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax ID Number: XXXXX5555

ABC Insurance Company, (555) 555-5555

The above stated Approved Insurance Provider (AIP) notified this office that you are a partner in the partnership of (name of partnership). The AIP determined the partnership is ineligible to participate in the Federal crop insurance program based on failure to pay (premium and/or overpaid indemnity) associated with the (crop year) crop insurance policy by, the due date stated in the policy.

The AIP certified that the debt was not paid by the termination date, or date it was due, that the partnership was notified of the debt and the partnership was given the opportunity to dispute the amount and existence of the debt. Based on the terms of the policy and 7 CFR Part 400, Subpart U, after proper notification and ability to contest the debt, failure to pay these amounts when due renders the partnership ineligible to participate in the Federal crop insurance program. Pursuant to 7 CFR 400.684, if the ineligible person is a partnership, all partners will be individually ineligible.

In accordance with the terms of the policy and 7 CFR Part 400, Subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest. You will remain ineligible to participate from the date the debt was determined to be delinquent until the date eligibility is reinstated in accordance with 7 CFR 400.683. Once eligibility is reinstated, you must submit a new application to obtain crop insurance according to 7 CFR 400.685.

Since the determination that you and the partnership are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of the partnership's policy. If you have documentation to show that action taken to include you on the Ineligible Tracking System (ITS) by the Risk Management Agency (RMA) was in error, you may appeal the placement on ITS by RMA according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

Your ineligibility for Federal crop insurance may cause you to be ineligible for other USDA program benefits.

Reserved

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## AIP Debtors Notice of Ineligibility for Spouse of Indebted Individual

The following is a sample letter used by RMA to notify a spouse of an individual determined ineligible for failure to pay a debt.

(USDA/RMA/FCIC Letterhead)

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax ID Number: XXXXX5555

ABC Insurance Company, (555) 555-5555

The above stated Approved Insurance Provider (AIP) notified our office that you are ineligible to participate in the Federal crop insurance program. The reason stated was the failure of your spouse to pay (premium and/or overpaid indemnity) associated with a (crop Year) crop insurance policy, by the due date stated in the policy.

The AIP certified that the debt was not paid by the termination date, or due date, that notification of the debt was provided to your spouse, that your spouse was provided the opportunity to dispute the amount and existence of the debt pursuant to 7 CFR 400.682. Based on the terms of the policy and 7 CFR Part 400, Subpart U, after proper notification and opportunity to contest the debt, failure to pay these amounts when due renders you and your spouse ineligible to participate in any program authorized by the Federal Crop Insurance Act.

According to the terms of the policy and 7 CFR Part 400, Subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest and you will remain ineligible to participate in the Federal crop insurance program from the date the debt was determined to be delinquent until the date eligibility is reinstated according to 7 CFR 400.683. Once eligibility is reinstated, you must submit a new application to obtain crop insurance according to 7 CFR 400.685.

Since the determination that you and your spouse are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of your policy. If you have documentation showing that action taken to include you on the Ineligible Tracking System (ITS) by the Risk Management Agency was in error, you may appeal the placement on ITS by RMA according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

Your ineligibility for Federal crop insurance may cause you to be ineligible for other USDA program benefits.

Reserved

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**Notice of Ineligibility for Controlled Substance Violation**

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The following is a sample letter used by RMA to notify persons of ineligibility because of a conviction of a controlled substance violation. RMA may modify the letter to address specific situations.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax ID Number: XXXXX5555

This office has been notified that you have been convicted of a controlled substance violation that renders you ineligible for any program benefits under the Federal Crop Insurance Act (Act). On that basis, you will be ineligible for program benefits under the Act for ((crop year of conviction and the succeeding four crop years) or (time period determined by the court)).

If you are not the person that has been convicted of a controlled substance violation, you may appeal your ineligibility status according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Once eligibility is regained, you must submit a new application to obtain crop insurance according to 7 CFR 400.685.

Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

Reserved

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**Notice of Ineligibility for Disqualification, Suspension, or Debarment**

The following is a sample letter used by RMA to notify persons of ineligibility because of disqualification, debarment and suspension. RMA may modify the letter to address specific situations.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax ID Number: XXXXX5555

This office has been notified that you have been disqualified/debarred/suspended under (specify section of the Act or regulation). On this basis, you will be ineligible for any program benefits under the Act from (date) through (date).

If you are not the person that has been disqualified/debarred/suspended, you may appeal your ineligible status according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Once eligibility is regained, you must submit a new application to obtain crop insurance according to 7 CFR 400.685.

Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

Reserved

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**FCIC Debtors Notice of Ineligibility**

The following is a sample FCIC debtors notice of ineligibility letter used by FCIC.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax ID Number: XXXXX5555

ABC Insurance Company, (555) 555-5555

(AIP name) notified this office of their determination that you have incurred a debt associated with unpaid catastrophic risk protection (CAT) administrative fees on a crop insurance policy reinsured under the Federal Crop Insurance Act. (AIP name) certified that the debt remains unpaid and you were given the opportunity to dispute the amount and existence of the debt. Based on the terms of your policy and 7 CFR Part 400, Subpart U, after proper notification and ability to contest the debt, failure to pay these amounts by the termination date renders you ineligible to participate in the Federal crop insurance program. If you have questions regarding the validity of these fees due us or previous payments made regarding these fees before the stated crop termination date, please contact (AIP name) at (555) 555-5555.

**Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.** According to the terms of the policy and 7 CFR Part 400 Subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest and you will remain ineligible to participate in the Federal crop insurance program from the date the debt was determined to be delinquent until the date the debt is satisfied and eligibility is reinstated according to 7 CFR 400.683. Once eligibility is reinstated, you must submit a new application to obtain insurance according to 7 CFR 400.685.

The collection of your CAT administrative fees has transferred to the Federal Crop Insurance Corporation (FCIC). Other amounts due, such as premium and overpaid indemnity, are payable to (AIP name). To pay your CAT administrative fee of \$ \_\_\_, remit payment by check or money order made payable to **Federal Crop Insurance Corporation** in the enclosed, **self-addressed envelope**. If the debt is not paid in full within 30 days of the date of this letter, please contact the Risk Management Agency (RMA) at 816-926-7299 for your current balance due, interest accrues the first of each month. Please include your Tax Identification Number on the check or money order. **DO NOT SEND CATASTROPHIC ADMINISTRATIVE FEE PAYMENTS TO (AIP name) OR YOUR AGENT.**

You may appeal your ineligibility with 30 days of your receipt of this notification according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing to: (NAD Regional Office Address).

Sincerely  
John Doe,  
Reinsurance Accounting and Eligibility Tracking Branch

**FCIC Debtors Notice of Ineligibility (Continued)**

I. Was Insured

Date: MM/DD/YYYY

123 Any Street  
City, State XXXXX-XXXX

Tax ID Number: XXXXX5555

Insurance Provider: ABC Insurance Company

Principal: \$300.00

Insurance Provider Phone #: (555) 555-5555

Accrued Interest: \$0.00

Total Debt Due: \$300.00

Details:

| Policy Number | Reinsurance Year | Crop Year | Crop Code | Crop Name | County Name | Unpaid Principal | Interest Amount |
|---------------|------------------|-----------|-----------|-----------|-------------|------------------|-----------------|
| 5555555       | YYYY             | YYYY      | 0000      | XXXXXX    | County      | 300.00           | 0.00            |

**Notice to Customers Making Payment by Check**

**When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.**

***Privacy Act* – A Privacy Act Statement required by 5 U.S.C. § 552a(e)(3) stating our authority for soliciting and collecting the information from your check, and explaining the purposes and routine uses which will be made of your check information, is available from our internet site at (<http://www.fms.treas.gov/otcnet/index.html>), or call toll free at (1-866-945-7920) to obtain a copy by mail. Furnishing the check information is voluntary, but a decision**

Interest will continue to accrue at an annual rate of 15% until balance is paid in full.  
Please attach your payment, (check, money order, or cashier's check), made payable to  
**"FEDERAL CROP INSURANCE CORPORATION"**

Mail to: Risk Management Agency/Federal Crop Insurance Corporation  
PAAD/FAOB – STOP 0814  
PO Box 419205  
Kansas City, MO 64141-6205

RETAIN TOP PORTION FOR YOUR RECORDS

SUBMIT BOTTOM PORTION WITH PAYMENT

Date: MM/DD/YYYY  
Tax Id: XXXXX55555

I Was Insured  
123 Any Street  
City, State, XXXXX-XXXX

**Total Debt Due: \$300.00**

**Amount Enclosed:**

**\$**

## FCIC Debtors Notice of Ineligibility for Partners of Indebted Partnerships

The following is a sample letter used by RMA to notify partners of ineligible partnerships for failure to pay CAT administration fees.

### (USDA/RMA/FCIC Letterhead)

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax Id Number: XXX XX 5555

ABC Insurance Company, (555) 555-5555

The above stated Approved Insurance Provider (AIP) notified this office that you are a partner in the partnership of (name of partnership). The AIP determined the partnership is ineligible to participate in the Federal crop insurance program based on failure to pay catastrophic risk protection (CAT) administrative fees associated with the crop insurance policy by \_\_\_, the termination date as stated in the policy. A notification letter detailing the amount of administrative fees due, accrual of interest, and applicable collection procedures has been mailed to the partnership.

The AIP certified that the debt was not paid by the termination date, that the partnership was notified of the debt and the partnership was given the opportunity to dispute the amount and existence of the debt. Based on the terms of the policy and 7 CFR 400, Subpart U, after proper notification and ability to contest the debt, failure to pay these amounts when due renders the partnership ineligible to participate in the program. Pursuant to 7 CFR 400.684, if the ineligible person is a partnership, all partners will be individually ineligible. If you have questions regarding the validity of these fees due us or previous payments made regarding these fees before the stated crop termination date, please contact the above AIP.

According to the terms of the policy and 7 CFR 400.681(b), this determination will affect all insurable crops on all farming operations in which you have substantial beneficial interest and you will remain ineligible to participate in the Federal crop insurance program from the date the debt was determined to be delinquent until the date eligibility is reinstated according to 7 CFR 400.683. Once eligibility is reinstated you must submit a new application to obtain crop insurance according to 7 CFR 400.685.

Since the determination that you and the partnership are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of your policy. If you have documentation to show that action taken to include you or the partnership on the Ineligible Tracking System (ITS) by the Risk Management Agency (RMA) was in error, you may appeal the placement on ITS by RMA according to procedures found at [http://www.nad.usda.gov/app\\_appeal.html](http://www.nad.usda.gov/app_appeal.html). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days upon receipt of this notification. Their address is (NAD Regional Office Address). Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

