

MANAGERS BULLETIN: MGR-19-009

DATE April 26, 2019

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

FROM: Martin R. Barbre, Administrator /s/ Martin R. Barbre 4/26/2019

SUBJECT: Impact of North Carolina State Disaster Payments on Whole-Farm Revenue Protection Indemnities During the 2018 Insurance Year

Background

When determining the amount payable for a Whole-Farm Revenue Protection (WFRP) claim, some sources of revenue in addition to direct sales of commodities are included as revenue-to-count. These sources of revenue may reflect income related to the commodities on the farm operation, such as income to compensate the producer for damage to insured commodities other than WFRP indemnities.

The WFRP policy states any government program payments will be added to revenue-to-count when determining a claim for indemnity under WFRP. Disaster payment programs are given as an example of program payments to include in revenue-to-count:

25. Claim for Indemnity.

(e) To calculate your revenue-to-count we will:

(6) Add to the result of paragraph (5) any program payments from other programs such as disaster payment programs. NAP payments are specifically not included in revenue-to-count because NAP payments may not be received if a WFRP indemnity is paid (see section 30(d));

However, the WFRP Handbook indicates only Federal disaster payments impact revenue-to-count when completing a claim for indemnity:

44 Allowable Revenue and Allowable Revenue Worksheet

(7) All of the following must be excluded from the allowable revenue in each year of the whole-farm history period, expected revenue for the insurance period, and revenue-to-count for claims:

(h) Revenue from government agricultural programs, including NAP, Federal crop disaster payments, and replant payments;

RMA has received questions regarding whether state disaster payments issued by North Carolina for commodities insured during the 2018 insurance year are included as revenue-to-count.

Action

To ensure all producers are treated equally, RMA is issuing a clarification on whether disaster payments issued by the State of North Carolina for damage to 2018 crops are considered revenue-to-count for WFRP. For the 2018 insurance year, only Federal disaster payments will be considered revenue-to-count when completing a WFRP claim for farm operations in North Carolina. State disaster payments will be excluded from revenue-to-count when calculating WFRP indemnities for affected farm operations.

However, no disaster payments from any source will be allowable revenue when completing the whole-farm history report in future years. Any such payment will not be considered when establishing the approved revenue of the farm operation.

DISPOSAL DATE:

December 31, 2019.