

MGR-18-013: Additional Emergency Procedures for Crops Damaged by Hurricane Florence

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Date

October 1, 2018

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Martin R. Barbre, Administrator

Subject

Additional Emergency Procedures for Crops Damaged by Hurricane Florence

Background

On September 24, 2018, the Risk Management Agency (RMA) issued MGR-18-011, Emergency Procedures for Crops Damaged by Hurricane Florence, authorizing emergency procedures that will streamline certain loss determinations on specific crops, accelerating the adjustment of losses and issuance of indemnity payments to crop insurance policyholders in impacted areas.

Since the issuance of MGR-18-011, RMA has received concerns regarding those crops with a September 30, 2018 termination date. Evacuations and limited ability to travel in the impacted areas may prevent many policyholders from responding to premium billing notices and providing payment for Federally reinsured policies by the September 30th termination date. Section 2(f)(2)(iii)(B) of the Common Crop Insurance Policy, Basic Provisions (18-BR), provides that the Administrator of RMA may reinstate a policy where the failure to pay the debt was due to an extraordinary weather event that created an impossible situation for one to make timely payment.

RMA also received concerns regarding policyholder premium due during the month of September. Section 24 of the Common Crop Insurance, Basic Provisions (18-BR) states that interest will accrue starting the first day of the month, following issuance of the notice of premium due by the Approved Insurance Provider (AIP), provided that a minimum of 30 days have passed from the premium billing date.

Action

RMA authorizes AIPs to use the following additional emergency procedures in all counties in North Carolina and South Carolina impacted by Hurricane Florence to assist impacted policyholders and increase efficiency of AIP services and determinations:

(1) For crops with a September 30, 2018, termination date, AIPs may allow policyholders to pay any outstanding premium, fees, and associated interest by November 30, 2018, without losing eligibility for the 2019 crop year, provided the policyholder meets all other eligibility requirements, complies with the terms of the policy, and there is no evidence of misrepresentation or fraud. If a policyholder fails to pay their debt or execute a written payment agreement by November 30, 2018, they will become ineligible to purchase crop insurance for the 2019 crop year, effective on the September 30, 2018, termination date. These crops include wheat, barley, oats, and rye.

(a) In addition to 7 CFR part 400 (Subpart U), Common Crop Insurance Policy, Basic Provisions (18-BR), and the requirements contained in the General Standards Handbook (Part 7, Late Payment of Debt) (FCIC-18190), the AIP is delegated the authority, by the Administrator, to reinstate a policy meeting the conditions above, provided the policyholder meets all other eligibility requirements, complies with the terms of the policy, pays the outstanding debt in full or executes a written payment agreement by November 30, 2018.

(b) For all policyholders utilizing these emergency procedures, AIPs must transmit to the Ineligibility Tracking System (ITS) with the Ineligible Transaction Code of "49" (Debt Satisfied - Emergency Relief) for the policyholder and all applicable substantial beneficial interests.

(c) For additional guidance regarding the AIP processing with the ITS, please contact Dena Prindle or Jason Albright, Product Analysis and Accounting Division

at (816) 823-3818.

(2) AIPs are authorized to provide additional time for policyholders to make payment of premium and administrative fees. Interest accrual on premium payments and administrative fees, as noted above, will be waived for an additional 60 days of the scheduled payment due date on policies with premium billing dates between August 1, 2018, and October 1, 2018. AIPs will begin to accrue interest after the additional 60-day period for unpaid premium and administrative fees.

(3) RMA will defer collection of uncollected premium and waive all associated interest from AIPs accordingly beginning with the October monthly accounting reports.

(4) AIPs are authorized to provide additional time for policyholders to make payment for Written Payment Agreements due between September 1, 2018, and November 1, 2018. Payments may be extended up to 60 days of the scheduled payment due date and considered a timely payment. Such extension of time will not be considered a modification of the Written Payment Agreement and the AIP may waive any additional interest for the payment during this 60-day period.

RMA, working with AIPs, will issue additional emergency procedures as needed.

DISPOSAL DATE:

March 31, 2019