

PM-17-031

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Date

May 19, 2017

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Richard H. Flournoy, Deputy Administrator /s/ Richard H. Flournoy 5/19/2017

Subject

Conservation Compliance - Premium subsidy for policyholders who used the “began farming after June 1” exception for the 2016 reinsurance year and a reminder about upcoming June 1 deadline for reinsurance year 2018.

Background

In accordance with the Common Crop Insurance Policy Basic Provisions and the regulations contained in 7 C.F.R part 12, policyholders are required to file form AD-1026 with the Farm Service Agency (FSA) on or before June 1 prior to the beginning of the reinsurance year to be eligible for Federal crop insurance premium subsidy. However, the Risk Management Agency (RMA) has an exception that allows policyholders who “began farming after June 1” (exception) to qualify for premium subsidy for the initial reinsurance year because they otherwise could not have met the June 1 deadline for filing form AD1026.

Although the exception allows policyholders to be eligible for premium subsidy for the initial reinsurance year, to maintain eligibility for subsequent reinsurance years, policyholders must file form AD-1026 with FSA on or before June 1 prior to the beginning of the subsequent reinsurance year, unless relief is provided by FSA.

RMA has become aware of policyholders who qualified and certified for the exception for the 2016 reinsurance year but may not have filed form AD-1026 with FSA on or before June 1, 2016, to maintain premium subsidy eligibility for the 2017 reinsurance year. These policyholders subsequently filed an AD-1026 making them eligible for premium subsidy for the 2018 reinsurance year.

Because the exception first became available in the 2016 reinsurance year, all impacted parties may not have had time to fully understand the new procedures and the importance of filing form AD-1026 with FSA on or before June 1 preceding the new reinsurance year. Policyholders that subsequently filed an AD-1026 have substantially met the requirements of filing.

Action

Policyholders receiving an exception for the 2016 reinsurance year will also be considered to have a certification of conservation compliance on file for the 2017 reinsurance year, if they have filed an AD-1026 with FSA, making them eligible for the 2018 reinsurance year (AD1026 filed by June 1, 2017).

Effective immediately, RMA will add policyholders identified as meeting this criteria to the listing used to validate conservation compliance in its automated processing system. AIPs will need to resubmit the Policy Acceptance and Storage System P10 records for such policyholders for the 2017 reinsurance year to update their premium subsidy eligibility. RMA will provide a list of the affected policyholders to their respective AIP(s). If policyholders that used the exception for the 2016 reinsurance year are not on the provided list, but have filed form AD-1026, the AIP will need to submit a review request to RMA in accordance with Par. 459 of the General Standards Handbook (FCIC-18190) so those policyholders can be considered for addition to the conservation compliance validation list used in RMA's automated processing system.

AIPs are encouraged to remind policyholders that used the exception for a 2017 reinsurance year policy, that in order to qualify for premium subsidy for the 2018 reinsurance year, they must file form AD-1026 with FSA on or before June 1, 2017. Policyholders that are unsure if they have filed form AD-1026 should be advised to visit the local USDA Service Center, FSA office.

RMA and FSA will continue to work through issues well beyond the June 1 deadline. Therefore, AIPs may direct questions and specific issues related to conservation compliance to conservation@rma.usda.gov.

DISPOSAL DATE

December 31, 2017