

MGR-19-023: Emergency Flood Relief - Deferral of Interest Charges on Crop Insurance Premiums

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Date

August 15, 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

Subject

Emergency Flood Relief - Deferral of Interest Charges on Crop Insurance Premiums

Background

Farmers and ranchers are struggling through widespread severe flooding and excess moisture conditions in many parts of the nation, causing catastrophic damage to crops. Concerns have been expressed about the requirement to pay crop insurance premiums timely to avoid accrual of interest because some farmers and ranchers will not yet have received their crop insurance indemnity following this year's widespread, significant crop losses.

Section 24 of the Common Crop Insurance Policy, 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 has passed from the premium billing date.

Action

For the 2019 crop year only, accrual of any interest on unpaid crop insurance premium is deferred to the earliest of the applicable termination date or until November 30, for all policies with a premium billing date of August 15, 2019. For any premium that is not paid by the earliest of the applicable termination date or November 30, interest will accrue consistent with the terms of the policy. For example, without this change, policies with an August 15 premium billing date would have interest attach starting October 1 if premium was not paid by September 30. However, under this change, policies that do not have the premium paid by November 30 will have interest attach on December 1, calculated from the date of the premium billing notice. AIPs should promptly notify potentially affected policyholders of said relief.

To assist the AIPs and provide relief from the requirements of the Standard Reinsurance Agreement that all uncollected premium be paid to the Federal Crop Insurance Corporation (FCIC), RMA will also defer collection of any unpaid producer premium from the AIPs, without interest, by two months. The November monthly settlement report will be the basis for determining premium due the FCIC from the AIP. Interest will then begin to attach according with the terms of the Standard Reinsurance Agreement.

This Bulletin does not alter or change the Premium Billing Date as specified in the Special Provisions.

DISPOSAL DATE:

December 31, 2019