PM-17-066: Catastrophic Risk Protection Endorsement, Area Risk Protection Insurance Basic Provisions, and Common Crop Insurance Policy Basic Provisions and other program changes for the 2018 crop year

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Date

November 30, 2017

To

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

From

Richard H. Flournoy, Deputy Administrator /s/ Rodger M. Mathews, for 11/30/2017

Subject

Catastrophic Risk Protection Endorsement, Area Risk Protection Insurance Basic Provisions, and Common Crop Insurance Policy Basic Provisions and other program changes for the 2018 crop year

Background

The Risk Management Agency (RMA) has revised the Catastrophic Risk Protection Endorsement, the Area Risk Protection Insurance Regulations, and the Common Crop Insurance Regulations, Basic Provisions to incorporate changes made in a final rule with request for comments published in the Federal Register on November 24, 2017.

The Common Crop Insurance Policy Basic Provisions have also been revised to incorporate changes previously made in the Replant and Double Cropping Amendment (18-CCIP-Replant and Double Crop).

The new provisions are effective for the 2018 and succeeding crop years for all crops with a 2018 contract change date on or after November 30, 2017, and for the 2019 and succeeding crop years for all crops with a 2019 contract change date prior to November 30, 2017.

In addition, effective for the 2018 and succeeding crop years for all crops with a 2018 contract change date on or after November 30, 2017, and for the 2019 and succeeding crop years for all crops with a 2019 contract change date prior to November 30, 2017, the 10 percent yield limitation (cups) will become an option in the Actuarial Documents and will no longer be automatically applied to Actual Production History (APH) yields. A carry-over insured must elect a yield cup if they wish to prevent an approved APH yield from declining more than 10 percent from one year to the next.

Yield cups are now authorized to apply independently or with other yield adjustment measures, such as yield substitution, yield exclusion, and trend adjusted yields; therefore, the premium rating methodology has also been amended.

Since yield cups become an option and the associated rate may increase, the option must be elected by the insured no later than the Sales Closing Date. The option is only available to insureds electing additional coverage policies.

Insurance providers should advise existing policyholders to consult with their crop insurance agent prior to the sales closing date so they can elect whether or not they want the yield cup option.

Insurance Providers may also choose to advise all such insureds, in writing, that the yield cup will automatically apply to their APH yields, if applicable, unless they specifically elect that the yield cup not apply by the sales closing/cancellation date shown in the actuarial documents.

Additionally, although the cup is elected, Insurance Providers may authorize insureds to opt out of having a cup apply to a specific APH database no later than the production reporting date.

Further procedural implementation for the yield cup will be released in 2018 FCIC 18010 Crop Insurance Handbook.

Action

The following policies will be available by close of business today on the RMA website at www.rma.usda.gov/about-crop-insurance/managing-farm-risk/insurance-plans.

- Area Risk Protection Insurance Basic Provisions (18-ARPI)
- Common Crop Insurance Policy Basic Provisions (18-BR)
- Catastrophic Risk Protection Endorsement (18-CAT)

Insurance providers must notify policyholders of these changes at least 30 days prior to the cancellation date as required by the contract change section of the policy.

DISPOSAL DATE
December 31, 2017