

MGR-21-006: Emergency Drought Relief - Deferral of Interest Charges

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Date

July 27, 2021

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Richard H. Flournoy, Acting Administrator /s/ Richard H. Flournoy

Subject

Emergency Drought Relief - Deferral of Interest Charges

Background

Farmers and ranchers are facing widespread drought 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.

The Common Crop Insurance Policy, Area Risk Protection Insurance Policy, Rainfall Index Plan Common Policy, Whole-Farm Revenue Protection Pilot Policy, and Livestock policies' basic provisions state 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.

The Risk Management Agency (RMA) recognizes the challenges America's farmers and ranchers face in light of the drought conditions and will provide flexibilities to help farmers and ranchers throughout these challenging times.

Action

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 to the earliest of an additional 60 days of the scheduled payment due date or the termination date on policies with premium billing dates between August 1, 2021, and September 30, 2021. AIPs will begin to accrue interest after this additional period for unpaid premium and administrative fees. 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 and Livestock Price Reinsurance Agreement that all uncollected premium be paid to the Federal Crop Insurance Corporation, RMA will also defer collection of any unpaid producer premium and administrative fees and waive all associated interest from AIPs accordingly beginning with the September monthly accounting reports.

AIPs are also authorized to provide additional time for policyholders to make payment for Written Payment Agreements due between August 1, 2021, and September 30, 2021. 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.

DISPOSAL DATE:

December 31, 2021