

## **2014 Farm Bill Interim Rule**

### **How do I request consideration for late payment of debt?**

For cases involving an unforeseen or avoidable event or an extraordinary weather event, you must make a written request to the Administrator in accordance with procedures no later than 60 days after the termination date or other applicable due date. For cases that a small amount was omitted, or the payment amount was clearly transposed, or postmarked within 7 calendar days after the termination date or other date due, a written request to your AIP must be made no later than 30 days after the termination date or other applicable due date.

### **Why did RMA publish specific information related to conservation compliance now instead of including all requirements in the fall regulation?**

In order to comply with the requirement of the 2014 Farm Bill that producers certify conservation compliance in the next reinsurance year following its passage, RMA needed to include language in the crop insurance contract to require producers to certify that they were in compliance. The regulation published in the fall will address all of the new exemptions and requirements rather than just the requirement to certify conservation compliance. Providing certification requirements in the Interim Rule puts farmers on notice of the requirements and provides nearly a year for farmers who have not previously certified compliance to do so.

### **What premium discount is applicable if I elect to have separate enterprise units?**

Not necessarily, the higher enterprise unit subsidy rate is intended to equalize, to the extent practicable, the dollar amount of subsidy as compared with optional units. The greater the enterprise unit discount, the higher the premium subsidy rate that is needed to equalize the number of dollars of subsidy with comparable optional units.

Premium discounts are offered for enterprise units to recognize the lower risk associated given the geographic diversification. In general, the larger the enterprise unit, the lesser the risk, and the greater the enterprise unit discount. To the extent separate enterprise units result in smaller tracts of acreage, the average size of the discount decreases. The impact (reduction in premium discount) will vary depending upon the amount of acreage associated with each enterprise unit.

### **Why did RMA make June 1 the deadline date instead of having a rolling deadline?**

The 2014 Farm Bill made the conservation compliance provisions related to crop insurance based on a reinsurance year (July 1- June 30), not a crop year as with other program requirements. June 1 was established as a reasonable date prior to the beginning of the reinsurance year (July 1) for producers to have adequate time to file an AD-1026 with FSA and that information be provided to RMA before any premium subsidy benefits are reduced. Producers only complete the AD-126 once, unless their operation changes. By July 1 of each calendar year, a producer will know whether he or she is eligible for crop insurance premium subsidies for the reinsurance year.

### **Do producers need to physically go into their local Farm Service Agency (FSA) or Natural Resources Conservation Service (NRCS) office to fill out the AD-1026, or can they do it online?**

No, a [PDF fillable form version of the AD-1026](#) and instructions are available online, but the form cannot be submitted online. The completed and signed AD-1026 can be mailed or faxed to the applicable USDA office. However, it may be preferable for new producers to fill out the form at the applicable USDA office in case they have questions or additional information is needed.

## **If I only grow perennial crops do I still need to certify an AD-1026? If so, why?**

Yes, you will still need to certify by completing an AD-1026. The 2014 Farm Bill requires all producers that receive premium subsidy for Federal crop insurance to certify that they are complying with conservation compliance requirements.

## **What does this change let me do?**

This allows producers to have two enterprise units for crop in county—one for irrigated production and one for non-irrigated production. Previously, only a single enterprise unit—covering all production of a crop in a county—was allowed.

## **What does this provision do?**

It provides the Administrator limited authority to reinstate eligibility for a policyholder who was determined to be ineligible for insurance because of non-payment of debt. The cause for the debt must be due to an unforeseen or unavoidable event, or an extraordinary weather event, and the policyholder must make the payment that was due in order to continue their insurance coverage. The provision also allows the AIPs to reinstate eligibility in cases where payment was made timely; however, a small amount was omitted, the payment amount was clearly transposed, or the payment was postmarked within 7 calendar days after the termination date or other date due.

## **Will beginning farmers and ranchers have time to certify conservation compliance their first year buying crop insurance?**

While beginning farmers and ranchers are encouraged to fill out an AD-1026 as soon as possible, allowances have been made for farmers and ranchers that begin farming after the June 1 deadline. These producers will need to have an AD-1026 filled out by June 1 of the next year.

For example, if a farmer/rancher begins farming in October of 2014 they are eligible for crop insurance premium subsidy through June 30, 2015, if they certify compliance by June 1, 2015.

## **Why is conservation compliance included in the Interim Rule?**

The Agriculture Act of 2014 (2014 Farm Bill) tied conservation compliance to crop insurance. Because crop insurance policies are legally binding contracts, changes were required to incorporate conservation compliance requirements into the policy terms and conditions. The requirement of certifying compliance needed to be incorporated into the crop insurance contract provisions by June 30, 2014, the legally binding contract change date for fall planted crops in order for the new requirements to take effect for the 2015 crop and reinsurance year. Under the Interim rule, no premium subsidy will be withheld until at least the 2016 reinsurance year.

## **What does this provision do?**

This provision provides flexibility to farmers who need to correct minor errors related to acreage reports or applications. It allows incorrect information reported to the AIP to be corrected with information consistent with what was reported to other USDA programs as long as the correction does not allow the policyholder to avoid eligibility or obligations, increase the payout of a policy, or obtain a disproportionate benefit.

## **Under what conditions will an AIP be authorized to reinstate an ineligible person's policy for late payment of debt?**

The producer made timely payment but some small amount was omitted, such as interest or administrative fee, or the amount of the payment was clearly transposed from the amount that was otherwise due, or the full payment of the amount owed was sent but the payment was delayed and postmarked no more than 7 calendar days after the termination date or other date due.

## **When will the benefits for correction of errors and late payment of debt be available?**

These provisions will be available for all plans of insurance for 2015 except insurance policies with contract change dates prior to June 30, 2014 which include: Nursery; Rainfall Index (RI) for Annual Forage; Livestock Gross Margin (LGM); Livestock Risk Protection (LRP); peppers; and strawberries. The provisions will not apply to these policies because the interim rule will be published after the contract change date for these policies, which is the date RMA must make all changes to a policy for the upcoming crop year. For these plans, correction of errors will be available starting with the 2016 crop year.

### **What if my irrigated acreage qualifies for an enterprise unit, but my non-irrigated acreage does not (or vice-versa)?**

To qualify for separate enterprise units by irrigated and non-irrigated practices, each EU (irrigated and non-irrigated) must separately meet the existing enterprise unit qualifications. If you qualify for an enterprise unit for your irrigated acreage and do not qualify for your non-irrigated acreage, separate enterprise units are not allowed. In this case, your unit structure will be determined according to when discovery is made that both practices did not qualify:

1. If the discovery is made on or before the acreage reporting date, you may have one enterprise unit, if you qualify, or basic units or optional units depending on the manner in which you have reported acreage; or
2. If the discovery is made after the acreage reporting date, you will be assigned one enterprise unit, if you qualify, otherwise a basic unit will be assigned.

### **Who can request consideration to the Administrator for late payment of debt?**

A producer who has been determined to be ineligible for crop insurance due to untimely payment and who can demonstrate that they failed to pay an outstanding debt due to an unforeseen or avoidable event or an extraordinary weather event. An unforeseen or avoidable event could be an extraordinary weather event, like a tornado, earthquake, violent wind, or flood, or an unforeseen death or debilitating accident to the individual person or their immediate relative. In addition, a producer

who is obligated to active duty U.S. military service may apply if the duty created the impossibility for the person to timely remit payment.

## **What premium subsidy is applicable if I elect to have separate enterprise units?**

Existing enterprise unit subsidy rates are applicable, as shown in the table below:

<b>Coverage Level</b>	50%	55%	60%	65%	70%	75%	80%	85%
<b>Subsidy</b>	80%	80%	80%	80%	80%	77%	68%	53%