

## **MGR-19-003**

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Date

March 1, 2019

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Martin R. Barbre /s/ G. Keith Gray for Administrator 3/1/2019

Subject

Eligibility for the Crop Year 2019 Supplemental Coverage Option Regarding Elections for Agriculture Risk Coverage and Price Loss Coverage

### **Background**

Producers have the option to elect either Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) for each Farm Number and crop at Farm Service Agency (FSA) Service Centers to receive benefits. The Agriculture Improvement Act of 2018 (2018 Farm Bill) allows producers to make an election in 2019, which covers the 2019 and 2020 crop years. FSA has not announced election dates currently.

The Federal Crop Insurance Act (Act) prohibits producers from having the Supplemental Coverage Option (SCO) on farms where they elect ARC. Due to the timing of the 2018 Farm Bill becoming law and that the ARC election will happen after information on probable losses becomes available, the Act requires controls to maintain actuarial soundness.

### **Action**

For the 2019 crop year only:

Producers who purchased SCO policies with sales closing dates of February 28, 2019, and earlier may cancel their SCO policy by March 15, 2019.

Producers who purchase SCO policies may file an ARC/PLC acreage intention report by the later of the acreage reporting date or March 15, 2019. This report would adjust the acreage report by specifying the intended ARC or PLC election by FSA Farm Number. The number of eligible acres on Farms with an intention of PLC will be the number of acres insured for SCO regardless of any actual elections made with FSA. If the producer does not file an ARC/PLC acreage intention report, then SCO will cover all acres as though the producer elected PLC.

The premium penalty outlined in section 4(b) of the SCO Endorsement will not apply.

**DISPOSAL DATE:**

December 31, 2019