

MGR-18-001

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Date

February 7, 2018

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Heather Manzano Acting Administrator

Subject

2018 Crop Year Cotton Stacked Income Protection Premium Rates Impacting Policies with a February 28, 2018, or Later Sales Closing Date

Background

The Risk Management Agency (RMA) has discovered that, due to a computer programming error, the 2018 crop year Stacked Income Protection premium rates in the actuarial documents are incorrect and are much lower than is actuarially sound. In accordance sections 506(o) and 508(d) of the Federal Crop Insurance Act, RMA is mandated to maintain actuarial soundness; therefore, action must be taken to correct and reissue the actuarially appropriate rates for the 2018 crop year.

Action

By close of business today, corrected actuarial information will be available in the Actuarial Data Master and Actuarial Information Browser at the following links:

- Actuarial Information Browser (AIB) online reporting application:
webapp.rma.usda.gov/apps/actuarialinformationbrowser2018/

- Actuarial Data Master (ADM) bulk data file download:
pubfs-rma.fpac.usda.gov/pub/References/actuarial_data_master/2018/

With the contract change date of November 30, 2017, having passed, Approved Insurance Providers (AIPs) must notify all policyholders that their policies are cancelled prior to the 2018 cancellation date for the 2018 crop year. AIPs must advise policyholders that in order for them to avoid cancellation and maintain coverage under the Stacked Income Protection plan of insurance for the 2018 crop year without having to make new application they must, prior to the county 2018 cancellation date, either:

1. Contact their crop insurance agent to sign a new application, or
2. Elect to continue their existing coverage under the corrected rates by notifying their crop insurance agent in writing.

Notification to continue existing coverage may be sent electronically via letter, email, or text. Given the short time period, notice of the policyholder's election may be provided telephonically followed by the insureds confirmation of such election in writing. AIPs can allow policyholders who confirm by phone an additional 15 calendar days beyond the cancellation date to provide written confirmation of their reported election provided that the AIPs notify their policyholders that failure to send this written confirmation will result in the nullification of their election and cancellation of their policy effective on the cancellation date. Crop insurance agents must maintain documentation of policyholders' notification to maintain coverage using the corrected rates.

This bulletin does not apply to policies whose cancellation date has passed. Those policies remain in effect under the current premium rates.

DISPOSAL DATE:

December 31, 2018