

MGR-17-005

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Date

April 10, 2017

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Heather Manzano, Acting Administrator /s/ Heather Manzano

Subject

Federal Crop Insurance Corporation (FCIC) Board of Directors Revised Approved Procedures for Reimbursements and the Determination of Reasonableness of Expenses for Concept Proposals, 508(h) Submissions, and User Fees, and Request for Comments

Background

The Federal Crop Insurance Corporation Board of Directors (Board) approved procedures at the November 2016 Board meeting that they will use to determine the ‘reasonableness’ of requests for: (1) advance payments; (2) reimbursement of research and development costs; (3) reimbursement of maintenance costs; and (4) approval of user fees submitted to the Board.

The Board may approve only the amount of reimbursement or advance payment that it determines to be “reasonable.” The Board has identified the need to clarify and enhance the requirements for reporting costs for the purposes of determining reasonableness of expenses in accordance with 7 C.F.R. § 400.712. These reporting requirements for reimbursement requests will assist the Board in determining reasonableness of reimbursements and user fees.

In order to provide sufficient notice to private submitters before the reimbursement submission deadline, and to provide stakeholders advance notice of these procedural changes and clarifications, the Board released these changes in November 2016 and made them immediately effective. Stakeholders were provided 60 days to submit comments. That period ended on January 25, 2017. Comments were received and have now been considered. The Board released a Chairman's Statement at the February 2017 Board meeting. This statement can be found at www.rma.usda.gov/about-rma/fcic. After May 26 see www.rma.usda.gov/about-rma/fcic/fcic-board-meeting-archive.

Action

The revised Approved Procedures for Reimbursements and the Determination of Reasonableness of Expenses for Concept Proposals, 508(h) Submissions, and User Fees can be found on the RMA website at www.rma.usda.gov/fcic/privatesector.html.

Additionally, a summary of the comments received and answers to those comments is provided in the Reasonableness Procedures Comments and Answers document at the same web address. Revisions were made to the Reasonableness Procedures based on the comments received.

These revised Reasonableness Procedures are in effect. Submitters must comply with these procedures when submitting any request for advance payments (Concept Proposals), reimbursement of research and development expenses (including within 508h submissions), reimbursement of maintenance costs, or approval of user fees for use of the policy. As per normal practice, as these procedures are under review, the Board will apply the procedures in a flexible manner when private submitters demonstrate good faith efforts to provide the Board with complete and consistent information necessary for determining the reasonableness of reimbursement expenses.

While these procedures continue to be in effect, the Board is providing an additional opportunity for your comments. The comment period is in effect until April 28, 2017. Comments will be considered by the Board at the May Board meeting.

Comments on these procedures should be directed to Robin Anderson at robin.anderson2@rma.usda.gov with a copy to Leiann Nelson at leiann.nelson@rma.usda.gov.

DISPOSAL DATE:
December 31, 2018.