



United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation

FCIC-24050 (06-2024)

# INELIGIBLE TRACKING SYSTEM HANDBOOK

## 2025 and Succeeding Crop Years

**UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM PRODUCTION AND CONSERVATION  
RISK MANAGEMENT AGENCY**

<b>TITLE: 2025 Ineligible Tracking System Handbook</b>	<b>NUMBER: FCIC-24050</b> <b>OPI: Product Administration and Standards Division</b>
<b>EFFECTIVE DATE: 2025 and Succeeding Crop Years</b>	<b>ISSUE DATE: June 27, 2024</b>
<b>SUBJECT:</b>  <b>2025 Ineligible Tracking System Handbook</b>	<b>APPROVED:</b>  <i>/s/ John W. Underwood for</i>  <b>Deputy Administrator for Product Management</b>

**REASON FOR ISSUANCE**

This handbook provides the official FCIC-approved standards for use in reporting, administering, and maintaining the Ineligible Tracking System, provides procedures, instructions, and examples of notification letters consistent with the amended regulations at 7 CFR Part 400, subpart U and in accordance with the Standard Reinsurance Agreement for the 2025 and succeeding crop years.

This directive is effective on the date issued and will remain in effect until reissued. RMA will amend this directive to administer programs reinsured by FCIC under authority of the Federal Crop Insurance Act, 7 U.S.C. 1501 et. seq. This handbook replaces FCIC-24050 Ineligible Tracking System Handbook, dated June 28, 2021.

**SUMMARY OF CHANGES**

Listed below are the significant changes to the FCIC-24050 Ineligible Tracking System Handbook. All changes, and additions are **highlighted**. Minor changes and corrections are not included in this listing. **\*\*\*** are used throughout the handbook to indicate where major deletions occurred.

**Crosswalk for Handbook Reorganization**

<b>New Part, Section, Paragraphs</b>	<b>Section Title</b>	<b>Old Paragraphs</b>
<a href="#">Part 3, Section 1, Paras. 301-302</a>	Notification	were previously paras. 351 and 352.
<a href="#">Part 3, Section 2, Paras. 310-311</a>	Criteria for Ineligibility	were previously paras. 301 and 302.
<a href="#">Part 3, Section 3, Paras. 321-333</a>	Ineligibility Determination	were previously the following paras. 312, 321-329, 311, and 313-314 in that order. Subparagraphs in the new paras. 321 and 333 have been reordered for consistency.
<a href="#">Part 3, Section 4, Paras. 341-342</a>	Certification	were previously paras. 353 and 354.
<a href="#">Part 3, Section 5, Paras. 351-354</a>	Reviews and NAD Appeals	were previously, Part 4, Section 1, paras. 401-404.

**RISK MANAGEMENT AGENCY INELIGIBLE TRACKING SYSTEM HANDBOOK**

**Crosswalk for Handbook Reorganization (Continued)**

<b>New Part, Section, Paragraphs</b>	<b>New Section Title</b>	<b>Old Paragraphs</b>
<a href="#">Part 4, Section 1, Paras. 401-405</a>	CCIP, ARPI, RI Plans, DRP (2021 or prior), LGM-Cattle (2021 and Subsequent), Dairy and Swine, and LRP-Fed, Feeder, and Swine (2021 and Subsequent)	were previously Part 5, Section 1, paras. 501-505. Title to the Section has been updated to remove the CY references for CCIP, and LGM-Dairy and Swine due to age, and add a reference to the CY for LGM-Cattle.
<a href="#">Part 4, Section 2, Paras. 411-415</a>	DRP (2022 and Subsequent)	were previously Part 5, Section 1.1, paras. 506-510.
<a href="#">Part 4, Section 3, Paras. 421-425</a>	WFRP	were previously Part 5, Section 2, paras. 511-515.
<a href="#">Part 4, Section 4, Paras. 431-435</a>	LGM-Cattle (2020 or prior), and LRP-Fed, Feeder, and Swine (2020 or prior)	were previously Part 5, Section 3, paras. 521-525. Title to the Section has been updated to add the reference to the CY for LGM-Cattle and removed LGM-Swine and Dairy due to age and removed LRP-Lamb.
Deleted		Previous Part 5, Section 4, paras. 531-535. Deleted this previous section related to Termination of CCIP policies with a CY or 2010 or prior and CY 2011 with CCD before April 30, 2010, due to age.
<a href="#">Part 4, Section 5, Paras. 441-442</a>	Disqualification, Debarment, Suspension and Knowingly Defrauding the United States	were previously Part 5, Section 5, paras. 581-582.
<a href="#">Part 5, Section 1, Paras. 501-510</a>	Regaining, Reestablishing, and Reinstating Eligibility	were previously the following paragraphs, 462, 461, 463, 465, 591, 466, 467, 464, 468, and 469 in that order.
<a href="#">Part 5, Section 2, Paras. 521-523</a>	RMA Administrator and AIP Authorized Reinstatement	were previously Part 4, Section 3, paragraphs 426-427 and incorporated GSH Part 7 in its entirety.
<a href="#">Part 6, Section 1, Paras. 601-606</a>	Written Payment Agreements	were previously Part 4, Section 2, paras. 411-417. Paragraph 417 (ITS Transmissions and Written Payment Agreements) language was incorporated into the related paragraphs in this section and the title deleted.
<a href="#">Part 6, Section 2, Paras. 611-614</a>	Bankruptcy	were previously Part 4, Section 4, paras. 451-455. Paragraph 455 (ITS Transmission for Bankruptcy Filings, Dismissals, and Discharges) was incorporated into the related paragraphs in this section and the title deleted.
<a href="#">Part 7, Paras. 701-703</a>	Voidance	were previously Part 6, paras. 601-603.

## RISK MANAGEMENT AGENCY INELIGIBLE TRACKING SYSTEM HANDBOOK

### Summary of Changes

Reference	Description of Change
Throughout	<ul style="list-style-type: none"> <li>• Deleted blank page after title page.</li> <li>• Formatting updates throughout.</li> <li>• All examples and instances of pronoun use have been changed to gender neutral.</li> <li>• Linking within the document does not occur when the paragraph or exhibit being referenced is generally less than 2 pages from the reference or is already linked/referenced in the subparagraph.</li> <li>• Filing Instructions have been combined with the Reason for issuance.</li> <li>• Control Chart has been removed.</li> <li>• Updated all paragraph references.</li> <li>• Updated the years in all examples, as applicable.</li> </ul>
<a href="#">Para. 1B</a>	Corrected the source authority referenced for PRWORA.
<a href="#">Para. 1C</a>	Updated related handbook purpose statements for the GSH and DSSH.
<a href="#">Para. 1D</a>	Deleted physical address in Procedural Issuance Authority.
<a href="#">Para. 1E</a>	Deleted reference to physical address and added reference to PIL and GSH for notification to RMA when a perceived error is identified in these procedures.
Para. 1F	Deleted 1F as the language was duplicate language already stated in the reason for issuance.
<a href="#">Para. 3</a>	Added reference to DSSH.
<a href="#">Para. 5C</a>	Added to PASD responsibilities if an insured files an appeal that AIPs will also be provided an opportunity to participate in the proceeding, if permitted.
<a href="#">Para. 7</a>	Added language related to electronic communications consistent with the BP.
<a href="#">Para. 301B</a>	Changed the location that notifications are sent from last known address to the location on file with the insured's agent, consistent with the BP and Para. 7.
<a href="#">Para. 310A</a>	Clarified the criteria for ineligibility to include the denial of an RMA Administrator reinstatement.
<a href="#">Para. 310B</a>	<ul style="list-style-type: none"> <li>• Moved the definition of Postmark and related language from AIP authorized reinstatements (language was previously in GSH Para. 733) to emphasize that this language applies to all delinquent debt.</li> <li>• Clarified that for delinquent debt, the person must be provided a meaningful opportunity to contest the debt.</li> <li>• Deleted statement regarding CAT administrative fees prior to crop year 1998 are not established as a delinquent debt as it is irrelevant due to age.</li> </ul>
<a href="#">Para. 310C</a>	Included that a conviction under Federal or state law of possession or of trafficking in a controlled substance will result in ineligibility.
<a href="#">Para. 310D</a>	Added more detail as to what qualifies for disqualification, debarment, or suspension, and the resulting penalties.
<a href="#">Para. 310F</a>	Added subparagraph for Denial of RMA Administrator Reinstatement and included a reference to Part 5, section 2.
<a href="#">Para. 311</a>	Added language from subpart U that was previously not included in the Handbook.

## RISK MANAGEMENT AGENCY INELIGIBLE TRACKING SYSTEM HANDBOOK

### Summary of Changes (Continued)

Reference	Description of Change
<a href="#">Para. 321</a>	<ul style="list-style-type: none"> <li>• Removed item incorrectly shown when someone is ineligible based on a conviction of a controlled substance and not a U.S. Citizen, U.S. Non-Citizen National, or a Qualified Alien.</li> <li>• Added knowingly doing business with someone that is debarred or suspended to the listings in subparagraphs D and E.</li> </ul>
<a href="#">Para. 324</a>	Moved/deleted language related to a minor child with a separate farming operation from the parent to GSH Para. 251.
<a href="#">Para. 327 and 328</a>	Combined previous subparagraphs of B, C, and D into B as the results of ineligibility due to a disqualification, debarment or suspension are the same.
<a href="#">Para. 330</a>	Added limited liability partnership, as it was previously omitted, to the listing for entities created to conceal the interest of an ineligible person.
<a href="#">Para. 331</a>	Added language from subpart U that was previously not included in the Handbook.
<a href="#">Para. 332</a>	Added that debarment for defrauding the United States or knowingly doing business with someone that has, is included in the listing for ineligibility being effective at the beginning of the crop year of the conviction.
<a href="#">Para. 333</a>	Reordered the subparagraphs to align with previous paragraphs more consistently.
<a href="#">Part 4, Section 2</a>	Corrected examples in this section.
<a href="#">Para. 510</a>	Deleted duplicate language that was also contained in Paras. 522I and 522J.
<a href="#">Para 521B</a>	Added the 15-day grace period for written payment agreements to the reinstatement types for AIP authorized reinstatements.
<a href="#">Para. 523D</a>	Moved procedural language from Para. 606 related to 7-day transit period and 15-day grace period.
<a href="#">Para. 604</a>	Removed language related to electronic communication and replaced it with a statement referencing Para. 7.
<a href="#">Para. 606</a>	Deleted duplicate language already contained in Para. 523D.
<a href="#">Para. 611</a>	Added language from subpart U that was previously not included in the Handbook.
<a href="#">Para. 612</a>	Deleted duplicate language also found in Para. 310B.
<a href="#">Para. 614</a>	Added language related to bankruptcy dismissals and if the insured had received a notification of debt letter or not.
<a href="#">Part 6, Section 3</a>	New Section with procedure related to deceased individuals.
<a href="#">Para. 701</a>	<ul style="list-style-type: none"> <li>• Updated listing of policy types for when policies are voided when dismissal of a bankruptcy occurs before discharge.</li> <li>• Updated listing of policy types for when policies are terminated when a dismissal of a bankruptcy occurs before discharge.</li> <li>• Added a Results subparagraph to provide what occurs when a policy is voided.</li> </ul>
<a href="#">Para. 702</a>	Adjusted the titles of subparagraphs.
<a href="#">Exhibits General</a>	All exhibits have been renumbered, see Table of Contents.
<a href="#">Exhibit 15</a>	Updated the payment options for FCIC debtors on the 2nd page of the exhibit.

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## PART 1: GENERAL INFORMATION AND RESPONSIBILITIES

### 1 General Information

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#### A. Purpose and Objective

- (1) This handbook provides procedures and instructions for:
  - (a) administration of ITS;
  - (b) identifying and notifying ineligible persons; and
  - (c) implementing RMA and AIP reinstatement.
- (2) ITS is a tool to aid in identifying ineligible persons. The system contains identifying information of ineligible persons, including but not limited to the:
  - (a) reason for ineligibility; and
  - (b) time period of ineligibility.

RMA maintains ITS to aid AIPs, partners, cooperators, and contractors in identifying ineligible persons. ITS may not include all ineligible persons, such as but not limited to, persons disqualified, debarred, or suspended from receiving government benefits by an agency other than RMA.

Whether or not a person is identified in ITS does not change the eligibility status of the person. AIPs, partners, cooperators, and contractors must ensure the persons with whom they are doing business are eligible to participate in the programs authorized by the ACT.

#### B. Source of Authority

Federal programs enacted by Congress and the regulations and policies developed by RMA, USDA, and other Federal agencies provide the authority for program and administrative operations, and basis for RMA directives. Administration of the Federal crop insurance program is authorized by the following:

- (1) the ACT, 7 U.S.C. 1501 et seq.;
- (2) The Food Security Act of 1985, 16 U.S.C. 3801 et seq.;
- (3) Controlled Substance Act of 1970, 21 U.S.C. 801 et seq.;
- (4) PRWORA, 8 U.S.C. 1601 et seq.;
- (5) Privacy Act of 1974, 7 U.S.C. 552a;
- (6) Drug Abuse Prevention and Control, U.S.C. Title 21, Chapter 13;
- (7) Agriculture General Administrative Regulation, 7 CFR Part 400;
- (8) HELC and WC, 7 CFR Part 12, and

## 1 General Information (Continued)

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### B. Source of Authority (Continued)

(9) SRA and LPRA.

### C. Related Handbooks

The following table provides handbooks related to this handbook.

Handbook	Relation/Purpose
DSSH	This handbook provides the official FCIC-approved form standards for use in the sales and service of any eligible Federal crop insurance policy; required statements and disclosures; and the standards for submission and review of non-reinsured supplemental policies in accordance with the SRA.
GSH	This handbook provides the official FCIC-approved standards for policies administered by AIPs under the: General Administrative Regulations; CCIP BP, including the CAT Endorsement; the ARPI BP; the STAX Plan of Insurance; the Rainfall Index Plan; and the WFRP Pilot Policy.

### D. Procedural Issuance Authority

This handbook is written and maintained by:

USDA—Risk Management Agency  
Office of Deputy Administrator for Product Management  
Product Administration and Standards Division  
\*\*\*

### E. Procedural Questions

- (1) Questions regarding insured eligibility, this handbook, and associated procedures must be directed to the RMA PASD, Underwriting Standards Branch via the PIL or the e-mail addresses as provided in GSH Para. 1G.
- (2) Procedural questions regarding ITS may also be emailed to [debt.management@usda.gov](mailto:debt.management@usda.gov).
- (3) AIPs are to refer persons with questions or inquiries regarding their individual ITS status to the RMA debt line at (816) 926-7299. No specific information regarding a person's ITS status will be answered by RMA via email to the individual.

## 2 Acronyms and Definitions

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Refer to the GSH for applicable acronyms and definitions.

### 3 Title VI of the Civil Rights Act of 1964

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The USDA prohibits discrimination against its customers. Title VI of the Civil Rights Act of 1964 provides that “No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.” Therefore, programs and activities that receive Federal financial assistance must operate in a non-discriminatory manner. Also, a recipient of RMA funding may not retaliate against any person because they opposed an unlawful practice or policy, or made charges, testified, or participated in a complaint under Title VI.

It is the AIPs’ responsibility to ensure that standards, procedures, methods, and instructions, as authorized by FCIC in the sale and service of crop insurance contracts, are implemented in a manner compliant with Title VI. Information regarding Title VI of the Civil Rights Act of 1964 and the program discrimination complaint process is available on the USDA public website at [www.usda.gov/oascr](http://www.usda.gov/oascr). For more information on the RMA Non-Discrimination Statement, see the DSSH.

### 4 The Privacy Act of 1974

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The Privacy Act of 1974, 5 U.S.C. §552a (Privacy Act), establishes a code of fair information practices that governs the collection, maintenance, use, and dissemination of information about individuals that is maintained in systems of records by federal agencies. A system of records is a group of records under the control of an agency from which information is retrieved by the name of the individual or by some identifier assigned to the individual.

In accordance with the Privacy Act, the Risk Management Agency is authorized by the Federal Crop Insurance Act or other Acts, and the regulations promulgated thereunder, to solicit the information requested on documents established by RMA, or by AIPs, that have been approved by the FCIC, to deliver Federal crop insurance. The information is necessary for AIPs and RMA to operate the Federal crop insurance program, determine program eligibility, conduct statistical analysis, and ensure program integrity.

### 5 Responsibilities

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#### A. AIP Responsibilities

AIPs must:

- (1) verify the eligibility status of applicants and insureds;
- (2) maintain security of data files, records, and reports according to the Privacy Act and 7 CFR Part 400, subpart Q;
- (3) notify applicable RMA Regional Compliance Office of known or suspected cases of:
  - (a) violations of the controlled substance provisions of the Food Security Act of 1985 or U.S.C. Title 21, Chapter 13; or
  - (b) fraud, misrepresentation, or use of a material scheme or device relating to a Federal crop insurance program or policy;
- (4) provide written notice of debt to the person according to [Para. 301](#);

**A. AIP Responsibilities (Continued)**

- (5) ensure all requirements according to [Para. 301A](#) are met before certifying a debtor to ITS;
- (6) maintain supporting documentation regarding a determination of delinquent debt and its resolution according to [Para. 301B and C](#);
- (7) upon request, send RMA documentation and evidence of the person's delinquent debt and notification of such debt, including but not limited to:
  - (a) Applications;
  - (b) acreage reports;
  - (c) claims;
  - (d) correspondence;
  - (e) billing statements;
  - (f) pre-termination letters and responses to such;
  - (g) demand letters and responses to such;
  - (h) requests for AIP reinstatement; and
  - (i) notice of debt;
- (8) transmit an I60 and I60A, and I60B or I65, if applicable, to RMA certifying a debtor for affected persons, including all [applicable](#) SBI holders ([see Paras. 323-329](#));
- (9) delete incorrect I60 Record within seven days of initial transmission; and
- (10) transmit a P49 Record deleting any insured data submitted prior to a determination of ineligibility effective for the current crop year.

**B. PAAD Responsibilities**

PAAD will:

- (1) develop, test, and maintain the record descriptors, database, and data processing requirements and programming for ITS;
- (2) assure proper security is maintained for access to ITS;
- (3) generate, review, and distribute Notices of Ineligibility;
- (4) update ITS with appropriate data indicating eligible or ineligible status at the completion of an appeal;

**B. PAAD Responsibilities (Continued)**

- (5) provide a Notice of Debt to FCIC debtors and certify ITS records for FCIC debtors;
- (6) provide a Notice of Ineligibility to persons disqualified, debarred, suspended or convicted of controlled substance violations;
- (7) process eligibility reinstatements and, when applicable, delete AIP ITS records per written request submitted to PAAD for additional coverage policies after the seven-day period, and for all CAT I60/I65 Record delete requests;
- (8) maintain ITS records for FCIC debtors, persons disqualified, debarred, suspended or convicted of controlled substance violations;
- (9) maintain AIP records which are requested by RMA and submitted as documentation and evidence of delinquent debt as related to Notice of Ineligibility;
- (10) prepare reports as requested;
- (11) modify or define ITS requirements for PASS processing that will be specified in Appendix III;
- (12) provide assistance to AIPs, RMA offices, and others, as needed;
- (13) transmit ineligible producer file I61 output file to AIPs;
- (14) respond to inquiries regarding ITS errors;
- (15) reject PASS records that are identified as ineligible;
- (16) amend Appendix III, as appropriate; and
- (17) review AIP's operations to determine compliance with the provisions of 7 CFR Part 400, subpart U and this handbook as part of the financial review process.

**C. PASD Responsibilities**

**PASD will:**

- (1) assure ITS is properly defined in the System of Records;
- (2) revise 7 CFR Part 400, subpart U, as appropriate;
- (3) update this handbook, as appropriate;
- (4) represent RMA in NAD hearings;
- (5) provide assistance regarding 7 CFR Part 400, subpart U, and this handbook; and

## 5 Responsibilities (Continued)

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### C. PASD Responsibilities (Continued)

- (6) contact AIPs for supporting documentation whenever a person files a request for an appeal relating to being placed on ITS. AIPs will also be provided an opportunity to participate in the proceeding, if permitted by 7 CFR part 11.

### D. RMA Regional Compliance Office's Responsibilities

RMA Regional Compliance Offices will notify appropriate authorities, including FSA, of known or suspected cases of:

- (1) violations of the controlled substance provisions of the Food Security Act of 1985 or U.S.C. Title 21, Chapter 13; or
- (2) fraud, misrepresentation, or use of a material scheme or devise relating to a Federal crop insurance program or policy.

For applicable RMA Regional Compliance Office contacts referenced throughout this handbook, refer to [www.rma.usda.gov/en/RMALocal/Field-Offices/Regional-Offices](http://www.rma.usda.gov/en/RMALocal/Field-Offices/Regional-Offices) or [www.rma.usda.gov/en/RMALocal/Field-Offices/Regional-Compliance-Offices](http://www.rma.usda.gov/en/RMALocal/Field-Offices/Regional-Compliance-Offices).

## 6 Maintaining Supporting Documentation

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AIPs must maintain supporting documentation regarding a determination of delinquent debt and its resolution for a period of three years after the resolution of the debt. Supporting documentation must be maintained indefinitely if a delinquent debt is not resolved, such as the debt never being satisfied or not being discharged through bankruptcy.

## 7 Electronic Communications

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- (1) All notices required to be sent by the AIP to the insured will be:
  - (a) provided by electronic means, unless:
    - (i) the AIP does not have the means to transmit notices to insureds by electronic means; or
    - (ii) the insured has elected to receive paper copies;
  - (b) sent to the location specified by the insured with their crop insurance agent; and
  - (c) conclusively presumed to have been received by the insured.
- (2) All notices sent to insureds:
  - (a) electronically must have a date/time stamp of when the notice was sent to the insured.
  - (b) that are not sent electronically, the date on the notice must be reflective of the date sent.





## PART 2: ITS, REPORTING, ADMINISTRATION AND MAINTENANCE

### 201 Ineligible Tracking System

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ITS is a system designed to track persons who are ineligible to participate in any program administered by RMA under the ACT, including CAT and additional coverage programs, private insurance products authorized under the ACT and reinsured by FCIC.

A person will be placed on ITS for any delinquent debt as of termination date, or any other applicable due date, and may be removed pending the outcome of any dispute resolution. Affected persons will be provided an opportunity to contest and resolve a delinquent debt, or to contest the findings of an administrative proceeding. Options to contest and resolve a delinquent debt may include, depending on the policy, mediation, arbitration, judicial review, or appeal to NAD. See [Part 3, Section 5](#) for procedure regarding dispute resolutions before certifying a person ineligible.

Persons debarred or suspended by FCIC, and persons convicted of controlled substance violations will also be placed on ITS.

All persons applying for or renewing existing policies for programs administered by FCIC will be subject to validation of their eligibility status using ITS. Applications, transfers, or benefits approved and accepted are considered approved or accepted subject to review of eligibility status.

### 202 Transmitting Records to ITS

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AIP must transmit an I60 and I60A Record, and an I60B and I65 Record, if applicable, to ITS for all affected persons, including all SBI holders. SBI holders include, but are not limited to, spouses, minors, and members and partners of general partnerships, joint ventures, limited partnerships, limited liability partnerships, and limited liability companies. A revocable trust and the grantor of such trust are considered to be the same person for crop insurance purposes. AIPs transmitting any of these records are certifying that a person is ineligible.

Ineligible transferees and transferors under transfer of coverage and right to indemnity are both certified and transmitted in the same manner as other policy debtors.

The records must be transmitted not later than 21 days after the applicable ineligibility date or not later than 30 days after failure to make payments under a written payment agreement. See [Para. 332](#) for the applicable ineligibility date. Failure to timely certify debtors according to these procedures may result in a delay in denying program benefits to the person.

If the date of ineligibility falls on a Saturday, Sunday, or Federal holiday, the next business day will apply for determining the record submission deadline. If the resulting 21st or 30th calendar day also falls on a Saturday, Sunday, or Federal holiday, the next business day will be the deadline.

## **202 Transmitting Records to ITS (Continued)**

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The I60 Record in conjunction with an I60A Record, I60B Record, and I65 Record, if applicable, will be used to:

- (1) initially establish ineligibility;
- (2) reestablish eligibility;
- (3) reestablish ineligibility related to defaulted written payment agreements or dismissals of bankruptcies;
- (4) reinstate eligibility when reinstatement is granted by the AIP or RMA; and
- (5) establish the receivable for CAT policies using the I65 record.

I60 Records must be submitted to ITS not later than 21 days after the date of a resolution of the delinquent debt, notification of dismissal of a bankruptcy for cause, or not later than 30 days after failure to make payments under a written payment agreement.

When a specific time limit is set for ineligibility, such as for a controlled substance violation, ITS will automatically restore eligibility at the end of the time limit.

## **203 Deleting Incorrect Records**

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AIPs must delete any incorrect I60 Record within seven days of initial transmission. Any deletions required after seven days must be submitted with documentation to PAAD. All requests to delete CAT I60 or I65 records must be submitted to PAAD with the appropriate documentation.

## **204-300 (Reserved)**

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## PART 3: INELIGIBILITY

### Section 1: Notification

#### 301 AIP Ineligibility Notification for a Debt

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##### A. Proper Notification and Due Process

Prior to the date of delinquency, the AIP must provide to the insured person and all transferees:

- (1) written notice of any debt due; and
- (2) a meaningful opportunity to contest the determination.

For this handbook, when an insured person is referenced, it is implied that it is inclusive of both the named insured as shown on the accepted Application and transferee for instances when there is both an insured person and transferee on a policy or portion of a policy.

If the transfer of coverage and right to an indemnity was executed for only a portion of the policy, any Notice of Debt to the transferee must only be for the portion of the policy that was transferred to them (see [Para. 326](#)).

##### B. Notice of Debt

The Notice of Debt is the written statement of the debt that is due. The Notice of Debt provides the right to review and contest the existence or the amount of debt. The Notice of Debt must:

- (1) include the current amount of debt owed;
- (2) advise that if the debt is not paid or a written payment agreement is not signed by the insured and approved by the AIP on or before the date of delinquency, the policy will terminate;
- (3) inform the person that they will be ineligible for crop insurance the next crop year for any crop on which the termination date has not passed and on all crops in subsequent crop years until eligibility is regained;
- (4) inform the person that they will be placed on a list of persons ineligible for crop insurance;
- (5) advise the person that they are allowed 30 days from the date of the Notice of Debt to review and contest the existence or amount of the debt;
- (6) inform the person that requesting an administrative review does not delay, defer, or otherwise change the requirement the entire debt be paid or a written payment agreement be executed by the termination date, or their name being placed on the ineligible list; and that an administrative review does not take the place of, or limit the right to, mediation, arbitration, or judicial review, as applicable, according to the terms of the policy; and

**B. Notice of Debt (Continued)**

- (7) include a CC: to the insured's Agent. The AIP's ITS process must document when and how Agents will receive these Notices of Debt.

The Notice of Debt must be sent to the insured person **via the method they have specified in their records with their crop insurance agent (see [Para. 7](#))**. If an insured has both an overpaid indemnity debt and a premium revision debt, the AIP must provide a Notice of Debt for each debt type to the insured person. If the person fails to pay by the due date stated in the Notice of Debt, or fails to execute a written payment agreement, then the ineligible person must be certified to RMA and their information transmitted to ITS in accordance with [Para. 341](#) for each debt type (unpaid administrative fees and premium, overpaid replanting payment; overpaid indemnity, and premium revisions, etc.).

See [Part 3, Section 5](#) for procedure regarding reviewing and contesting the debt. See also [Exh. 6 and 7](#) for applicable Notice of Debt letters.

**C. Other Amounts Due**

In addition to subparagraph B above, if the Notice of Debt is for other amounts due, then the Notice of Debt and an associated billing statement (e.g., premium revisions after termination, claim overpayments, etc.) must be provided to the person within 90 days after the determination and assignment of the debt to the person's account. The associated billing statement must detail and itemize the revisions which generated the other amount due.

**Exception:** A billing statement does not have to be sent if the Notice of Debt contains the information that would be included in a billing statement, including an explanation of the cause of debt and any interest or fees included in the total amount due.

This is the only required notification to be sent to the person for other amounts due.

**D. Documentation**

All documentation and evidence supporting the delinquent debt must be maintained by the AIP according to [Para. 6](#). Such documentation and evidence must be made available to RMA upon request according to [Para. 5C](#).

**E. Meaningful Opportunity to Review and Contest the Debt**

- (1) A meaningful opportunity to review and contest the debt is the opportunity for the insured to review the existence of the amount due and to resolve any disagreement with a decision by the AIP through requesting a review of the decision by:
- (a) the AIP;
  - (b) mediation;

## **301 AIP Ineligibility Notification for a Debt (Continued)**

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### **E. Meaningful Opportunity to Review and Contest the Debt (Continued)**

- (c) arbitration; or
- (d) judicial review, as applicable.

If the debt is an AIP policy debt and the person contests the existence or amount of debt, the person may submit a request for an administrative review to the AIP or seek mediation and arbitration, if applicable.

AIP decisions cannot be appealed to NAD unless the AIP failed to provide the person the required notifications and opportunity to review and contest the debt.

- (2) If a person contests the existence or amount of debt, such action does not delay or preclude the:
  - (a) AIP providing the person with all required notifications;
  - (b) requirement the person pay the debt by the applicable due date;
  - (c) effect of the AIP's determination of ineligibility;
  - (d) person being certified to RMA as ineligible;
  - (e) person from being listed in ITS;
  - (f) RMA from issuing a Notice of Ineligibility; or
  - (g) termination of the applicable crop insurance policies.

## **302 AIP Notification for Disqualification, Suspension, Debarment, or Conviction**

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AIPs are not responsible for notifying persons determined ineligible for crop insurance due to disqualification, debarment, suspension, or controlled substance violations. RMA is responsible for notifying such persons and transmitting their information to ITS.

AIPs are required to notify RMA when they have evidence that a person is ineligible for crop insurance because of a disqualification, debarment, suspension, or controlled substance violations. AIPs must send evidence of the conviction, such as a signed court order for conviction of controlled substance violations.

## **303-309 (Reserved)**

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## Section 2: Criteria for Ineligibility

### 310 Ineligible Persons

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#### A. Criteria for Ineligibility

A person is ineligible to participate in any program administered by FCIC under the ACT if the person meets one or more of the following criteria:

- (1) has a delinquent debt according to subparagraph B;
- (2) is an individual that has been convicted of a controlled substance violation according to subparagraph C;
- (3) has been disqualified, debarred, or suspended according to subparagraph D, including knowingly doing business with a person debarred or suspended according to subparagraph D;
- (4) is an individual and is not a U.S. citizen, U.S. non-citizen national, or a qualified alien, see subparagraph E; or
- (5) has requested reinstatement from the RMA Administrator and such request has been denied.

#### B. Delinquent Debt

A delinquent debt is a debt that is not satisfied on or before the date of delinquency, such as the termination date, due date contained in a written payment agreement, or due date specified in the notice to the person of the amount due.

- (1) Date of delinquency includes:
  - (a) The termination date specified in the applicable policy for administrative fees and premiums owed for insurance issued under the authority of the ACT, and any interest and penalties on those amounts, if applicable; and
  - (b) The due date specified in the notice to the person of the amount due for any other amounts due the AIP or FCIC for insurance issued under the authority of the ACT.
- (2) Other amounts due, include, but are not limited to:
  - (a) indemnities, prevented planting payments, or replant payments found not to have been earned or that were overpaid, premium billed with a due date after the termination date for the crop year in which premium is earned; and
  - (b) any interest, administrative fees, and penalties on such amounts, if applicable.

**B. Delinquent Debt (Continued)**

**(3)** Postmarked Defined

Postmark means:

- (a)** postal imprint on letters, flats, and parcels that shows the name of the Post Office that accepts custody of the mail, along with the two-letter state abbreviation, Zip Code of the Post Office, the date of mailing, and the time abbreviation a.m. or p.m. The postmark is generally applied, either by machine or hand, with cancellation or killer bars to indicate that the postage cannot be reused; or
- (b)** the date of tender to the private delivery service as recorded in the tracking and tracing record for the parcel, provided the private delivery service is available to the general public and has tracking and tracing procedures for its deliveries, such as DHL, Federal Express, or UPS.
- (c)** metered mail, self-postmarked envelopes or parcels, hand-delivered payments, or electronic transmitted payments received after the termination date do not qualify for AIP authorized reinstatement (excluding the 15-day grace period authorization in [Para. 523D\(4\)](#)). For these types of payments received, the received date is what must be used to establish a debt satisfied date.

The existence and delinquency of the debt must be verifiable. **The person must be provided a meaningful opportunity to contest the debt (see [Para. 301E](#)).** A delinquent debt does not include debts discharged in bankruptcy or any debt to an AIP's agent. \*\*\*

**C. Conviction - Controlled Substance**

The Food Security Act of 1985, as amended, provides that any person who is convicted under Federal or state law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance in any crop year will be ineligible for USDA benefits. **Any person convicted under Federal or state law of possession or of trafficking in a controlled substance, may, as determined by the court, be ineligible for USDA benefits.**

For crop insurance purposes, an individual or entity is considered to have been "convicted" when:

- (1) a judgment of conviction has been entered against the individual or entity by a Federal, State, or local court, regardless of whether there is an appeal pending or whether the judgment of conviction or other record relating to criminal conduct has been expunged;
- (2) there has been a finding of guilt against the individual or entity by a Federal, State, or local court;
- (3) a plea of guilty or nolo contendere by the individual or entity has been accepted by a Federal, State, or local court; or

**C. Conviction - Controlled Substance (Continued)**

- (4) the individual or entity has entered into participation in a first offender, deferred adjudication, or other arrangement or program where judgment of conviction has been withheld.

Conviction, for crop insurance purposes, is limited to controlled substance violations. However, a person may be suspended, disbarred, or disqualified from USDA programs based upon a conviction not related to crop insurance. If applicable, the ineligibility is based on the disqualification, debarment, or suspension from federal programs, and not the specific conviction.

**D. Disqualification, Debarment, or Suspension**

- (1) Any person who has been:

- (a) disqualified under section 515(h) of the ACT (sanctions for noncompliance and fraud), or 7 CFR Part 400, subpart R (administrative remedies for noncompliance);
- (b) debarred or suspended under 2 CFR Part 180 (OMB non-procurement transactions), or 2 CFR Part 417 (USDA non-procurement transactions);
- (c) debarred under 7 U.S.C. 2209j (debarment for conviction of a felony for knowing defrauding the United States), or successor regulations; or
- (d) debarred for knowingly doing business with a person debarred or suspended under 2 CFR Part 180, 2 CFR Part 417, or 7 U.S.C. 2209j;

is ineligible to participate in any program administered under the ACT.

- (2) FCIC may disqualify insureds, agents, loss adjusters, AIPs, or other persons who willfully and intentionally provide false information to FCIC, or an AIP either through action or omission to act with respect to an insurance policy or plan of insurance, for a period of up to five years.
- (3) Disqualifications prohibit the person or entity from receiving any benefit under the ACT as well as certain statutory entitlement programs, such as programs administered by the FSA.
- (4) Suspensions are a temporary action that takes place immediately for a period of up to one year, or may continue until the completion of an investigation, a judicial or an administrative proceeding. Suspension is commonly imposed upon an indictment for certain criminal offenses. Such action is taken when it is determined that immediate action is necessary to protect the public interest.



**D. Disqualification, Debarment, or Suspension (Continued)**

- (5) A debarment under 2 CFR Part 180 or 2 CFR Part 417 is an extended action for a period of three years or longer if circumstances warrant. Debarment is a judgment in certain civil matters or commission of any offense indicating a lack of business integrity or business honesty that directly affects the present responsibility of a person and is commonly imposed upon the conviction of certain criminal offenses.
- (6) A debarment under 7 U.S.C. 2209j is a permanent action by the Secretary imposed on an individual, organization, corporation, or other entity convicted of a felony for knowingly defrauding the United States in connection with any program administered by the Department of Agriculture from any subsequent participation in Department of Agriculture programs.
- (7) Debarments and suspensions prohibit the person or entity from selling, servicing, adjusting, or acting in any capacity relating to crop insurance policies, or participating in any procurement or non-procurement activity with any U.S. Government agency. Suspensions and debarments affect eligibility for some of the same programs covered by disqualification, plus additional programs, including non-USDA programs. Imposition of suspension and debarments are made by the RMA Administrator as the suspending/debarring official for FCIC.
- (8) Names of persons disqualified, debarred, or suspended are listed on the EPLS, or successor website. If a person is placed on ITS due to disqualification, debarment, or suspension, the person will be ineligible from the date the order is signed until the period specified in the order has expired.

**E. Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA)**

An individual that is not a U.S. citizen, U.S. non-citizen national, or a qualified alien is ineligible to participate in any program administered under the ACT according to the PRWORA. Such individuals may not be recorded in ITS.

Refer to Part 2 of the GSH for PRWORA determinations and eligibility.

**311** Verification of Eligibility Status

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- (1) The AIP must utilize the I61-Ineligible Entity Output file to verify a person's eligibility. No records should be sent to PASS if the person is ineligible on the output file.

## **311** Verification of Eligibility Status (Continued)

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- (2) Any insurance written by an AIP to any person who is ineligible under the provisions of 7 CFR Part 400, subpart U is not eligible for reinsurance by FCIC. All premium subsidies, expenses, or other payments made by FCIC for insurance written for any person who is ineligible under the provisions of this subpart must be immediately refunded to FCIC. However, with regard to policies that would be void due to a conviction of a controlled substance violation according to 7 CFR Part 400, subpart U, if the AIP follows the procedures of FCIC and the requirements of the regulations, reinsurance will continue to be provided under the reinsurance agreement on the policy unless it is shown that the agent or AIP had knowledge of the facts which would indicate ineligibility on the part of the insured and failed to act on that knowledge.
- (3) AIPs, partners, cooperators, and contractors must check other sources that contain ineligible persons, including but not limited to EPLS, or successor list, that provide data on persons ineligible to participate in programs authorized under the ACT.

**312-320** (Reserved)

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## Section 3: Ineligibility Determination

### 321 Basis for Ineligibility Determination

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The program and benefits affected by ineligibility depend on the basis for the ineligibility. All persons submitting an Application or who are currently insured under the ACT are subject to verification of their eligibility status.

#### A. Delinquent Debt

A delinquent debt for any policy may result in termination of all the insured's policies issued under the authority of the ACT. A person who is determined to be ineligible based upon failure to timely pay a delinquent debt is ineligible for crop insurance authorized by the ACT. See [Para. 332](#) for more information regarding ineligibility effective dates for delinquent debt, by [BP](#), for the policy on which the delinquent debt occurred and other policies.

#### B. Conviction - Controlled Substance Violation

A person who is determined to be ineligible based upon a conviction of a controlled substance violation is ineligible to participate in any program authorized under the ACT, including but not limited to:

- (1) obtaining crop insurance;
- (2) acting as a(n) agent, loss adjuster, AIP, or affiliate, as defined in the SRA or LPRA [or successor agreements](#);
- (3) entering into any contracts with FCIC under sections 506(l) and section 522(c) of the ACT; or
- (4) entering into any cooperative agreement or partnerships under sections 506(l), 522(d) and 524(a) of the ACT. [\\*\\*\\*](#)

#### C. Disqualification Under Section 515(h) of the ACT

A person who is determined to be ineligible based upon a disqualification under section 515(h) of the ACT is ineligible to:

- (1) participate in any program authorized under the ACT, including but not limited to:
  - (a) obtaining crop insurance;
  - (b) acting as a(n) agent, loss adjuster, AIP, or affiliate, as defined in the SRA or LPRA [or successor agreements](#);
  - (c) entering into any contracts with FCIC under sections 506(l) and section 522(c) of the ACT;
  - (d) entering into any cooperative agreement or partnerships under sections 506(l), 522(d) and 524(a) of the ACT; or
- (2) participate in any programs listed in section 515(h)(3)(B) and (C) of the ACT.

**D. Debarment or Suspension for Committing a Crime Specified in 2 CFR Part 180 or 2 CFR Part 417**

A person who is determined to be ineligible based upon a debarment or suspension, or who is determined ineligible based on knowingly doing business with a person debarred or suspended, is ineligible to:

- (1) participate in any program authorized under the ACT, including but not limited to:
  - (a) obtaining crop insurance;
  - (b) acting as a(n) agent, loss adjuster, AIP, or affiliate, as defined in the SRA or LPRA or successor agreements;
  - (c) entering into any contracts with FCIC under sections 506(l) and section 522(c) of the ACT; or
  - (d) entering into any cooperative agreement or partnerships under sections 506(l), 522(d) and 524(a) of the ACT; or
- (2) participate in any other covered transaction as specified in 2 CFR Part 180 and 2 CFR Part 417, or successor regulation.

**E. Felony Conviction for Knowingly Defrauding the U.S. in Connection with Any Program Administered by the USDA (Debarment under 7 U.S.C. 2209j)**

A person who is determined to be ineligible based upon a felony conviction for knowingly defrauding the U.S. in connection with any program administered by the USDA or is determined to be ineligible for knowingly doing business with a person that is debarred under 7 U.S.C. 2209j, is ineligible to participate in any program offered by the USDA.

**F. Not a U.S. Citizen, U.S. Non-Citizen National, or a Qualified Alien**

A person who is determined to be ineligible based upon not being a U.S. citizen, U.S. non-citizen national, or a qualified alien as determined by PRWORA is ineligible to participate in any program authorized under the ACT, including but not limited to:

- (1) obtaining crop insurance;
- (2) acting as a(n) agent, loss adjuster, AIP, or affiliate, as defined in the SRA or LPRA;
- (3) entering into any contracts with FCIC under sections 506(l) and section 522(c) of the ACT; or
- (4) entering into any cooperative agreement or partnerships under sections 506(l), 522(d) and 524(a) of the ACT. \*\*\*

## 322 Ineligible Person Type Overview

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Ineligibility, as well as the basis for ineligibility, affects person types differently. [Paras. 323-329](#) provides the effects of ineligibility for different person types.

A person must be eligible to participate in the crop insurance program. To be eligible the person must be:

- (1) competent;
- (2) of legal majority;
- (3) possess an insurable share of the crop;
- (4) possess the applicable identification number and person type; and
- (5) must not be ineligible.

## 323 Individuals

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When the ineligible person is an individual, all crop insurance policies in which the ineligible person is the **named** insured will:

- (1) terminate, if the person is ineligible for any reason other than a controlled substance violation; or
- (2) be void, if the person is ineligible due to being convicted of a controlled substance violation.

The ineligible person must be reported on all policies in which they have an SBI in the applicant or insured. The insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the ineligible person remains ineligible.

## 324 Spouses and Minors **Separate from the Individual**

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The spouse and minor child of an individual insured is considered the same as the individual and subject to the same ineligibility, except when the:

- (1) individual is ineligible due to being convicted of a controlled substance violation;
- (2) individual is ineligible as a result of a felony conviction for knowingly defrauding the United States in connection with any program administered by USDA;
- (3) individual is ineligible because they are not a U.S. citizen, U.S. non-citizen national, or a qualified alien;
- (4) individual is ineligible as a result of a disqualification, debarment, or suspension;
- (5) spouse can prove they are legally separated or otherwise legally separate under the applicable State dissolution of marriage laws; or
- (6) minor child has a separate legal interest in such person or is engaged in a separate farming operation from the individual.

## 324 Spouses and Minors Separate from the Individual (Continued)

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## 325 Landlords/Tenants

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Any person(s) may insure their landlord's and/or tenant's share. The ineligibility of the landlord/tenant insured under another person's policy does not affect the eligibility of the insured or other SBIs. In such instances, the following apply:

- (1) the insurable share of the policy must be reduced commensurate to the amount of interest the ineligible landlord/tenant has in the policy;
- (2) all crop insurance policies in which the ineligible person is insured as a landlord/tenant will terminate on the next termination date; and
- (3) the other person(s) on such policy, including the insured, may submit a new Application for crop insurance coverage on or before the applicable SCD of the following year to obtain insurance if they are otherwise eligible for crop insurance.

**Example:** Landlord A is insured under Tenant B's corn policy and is listed on the policy as having a 10 percent interest in corn. Landlord A is ineligible beginning with the 2024 crop year due to non-payment of premium. Tenant B's 2024 corn policy must be reduced by 10 percent due to the landlord's ineligibility.

Tenant B's corn policy will terminate on the termination date of March 15, 2025, due to the ineligibility of Landlord A, if Landlord A remains ineligible. Tenant B must obtain a new corn policy not insuring ineligible Landlord A's share by March 15, 2025 (2025 corn SCD), if Tenant B wants to have a corn policy in 2025.

## 326 Transferors/Transferees

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Both the transferor and transferee under the transfer of right to indemnity are jointly and severally responsible for payment of the premium, administrative fees, overpaid indemnities, other amounts due and applicable interest. Both will be ineligible if any amount is not paid by the applicable termination date or other due date.

If only part of the share of the policy is transferred, transferee is only responsible for the premium, overpaid indemnities, or other amounts due for that portion of the share of the policy. Failure of the transferor to pay the premium for any portion of the policy not transferred to the transferee does not impact the eligibility of the transferee.

## 327 General Partnerships, Joint Ventures, Limited Partnerships, Limited Liability Partnerships, and Limited Liability Companies

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Subparagraphs A and B provide the effects of ineligibility on a general partnerships, joint ventures, limited partnerships, limited liability partnerships, and limited liability companies.

**A. Delinquent Debt**

If the general partnerships, joint ventures, limited partnerships, limited liability partnerships, and limited liability companies are ineligible because of a delinquent debt, then:

- (1) all partners or members of the general partnership, joint venture, limited partnership, limited liability partnership, or limited liability company will be ineligible and remain ineligible for crop insurance for the applicable period specified in [Para. 333](#);
- (2) all policies in which the ineligible general partnership, joint venture, limited partnership, limited liability partnership, or limited liability company is the named insured will terminate on the respective termination dates;
- (3) all policies in which the ineligible partner or member is the named insured will terminate on the respective termination dates; and
- (4) the ineligible general partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, and all ineligible partners or members must be reported on any other policy in which they have an SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible general partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, or the ineligible partner's or member's SBI in the applicant or insured for as long as they remain ineligible.

**B. Disqualification, Debarment, or Suspension**

If the general partnerships, joint ventures, limited partnerships, limited liability partnerships, and limited liability companies are ineligible due to any of the criteria listed below, all policies in which the ineligible general partnership, joint venture, limited partnership, limited liability partnership, or limited liability company is the named insured will terminate on the termination dates and remain ineligible for crop insurance for the applicable period specified in [Para. 333](#), and the ineligible general partnership, joint venture, limited partnership, limited liability partnership, or limited liability company must be reported on any other policy in which it has an SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible general partnership, joint venture, limited partnership, limited liability partnership, or limited liability company SBI in the applicant or insured for as long as the it remains ineligible:

- (1) disqualification under 515(h) of the ACT, debarment or suspension under 2 CFR Part 180 or 2 CFR Part 417;
- (2) felony conviction for knowing defrauding the United States in connection with any program administered by the USDA under 7 U.S.C. 2209j; or
- (3) debarment for knowingly doing business with a person debarred or suspended under 2 CFR Part 180, 2 CFR Part 417, 7 U.S.C. 2209j, or successor regulations.

Subparagraphs A **and B** provide the effects of ineligibility on a(n) association, estate, trust, corporation, or other similar entity.

**Note 1:** A revocable trust and the grantor(s) of a revocable trust and an estate and the deceased person are considered to be the same person for crop insurance purposes.

**Note 2:** The grantor(s) and/or trustee(s) of an irrevocable trust and the executor or personal representative of an estate are not considered to be the same person for crop insurance purposes. However, **Paras. 328A(3) and 329B** may apply.

#### **A. Delinquent Debt**

If the association, estate, trust, corporation, or similar entity is ineligible due to a delinquent debt, then:

- (1) all policies in which the ineligible association, estate, trust, corporation, or other similar entity is the **named** insured will terminate on the respective termination dates **and will remain ineligible for crop insurance for the applicable period specified in [Para. 333](#)**;
- (2) the ineligible association, estate, trust, corporation or other similar entity must be reported on any other policy in which it has an SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the person remains ineligible;
- (3) any partners, members, shareholders, administrators, executors, trustees, or grantors may be individually ineligible if the delinquent debt occurred as a result of their actions or inactions, as determined by the AIP or FCIC; and
- (4) if any partner, member, shareholder, administrator, executor, trustee, or grantor is determined individually ineligible by A(3) above, then:
  - (a) all policies in which such partner, member, shareholder, administrator, executor, trustee, or grantor is the **named** insured will terminate on the respective termination dates **and will remain ineligible for crop insurance for the applicable period specified in [Para. 333](#)**; and
  - (b) the ineligible person must be reported on any other policy in which it has an SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the person remains ineligible.



**B. Disqualification, Debarment, or Suspension**

If the association, estate, trust, corporation, or similar entity are ineligible due to any of the criteria listed below, all policies in which the ineligible association, estate, trust, corporation, or other similar entity is the named insured will terminate on the respective termination dates, and the ineligible association, estate, trust, corporation, or other similar entity must be reported on any other policy in which it has an SBI in the applicant or insured, and the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the applicant or insured for as long as the person remains ineligible:

- (1) disqualification under 515(h) of the ACT, debarment or suspension under 2 CFR Part 180, or 2 CFR Part 417;
- (2) felony conviction for knowingly defrauding the United States in connection with any program administered by the USDA under 7 U.S.C. 2209j; or
- (3) debarment for knowingly doing business with a person debarred or suspended under 2 CFR Part 180, 2 CFR Part 417, 7 U.S.C. 2209j, or successor regulations.

**329 Estates and Trusts Administration**

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**A. Ineligibility of the Executors or Administrators, Grantors, and Personal Representatives or Trustees**

The eligibility of an estate or trust person type is not affected by the individual ineligibility of the:

- (1) executor or administrator of the estate;
- (2) personal representative or trustee of the revocable or irrevocable trust; or
- (3) grantor(s) of the irrevocable trust.

**Exception:** If the ineligible executor or administrator, grantor, or personal representative or trustee is also an SBI to the estate or trust; then the insured share under such policies will be reduced commensurate with the ineligible person's SBI in the estate or trust.

See also Part 2 of the GSH for more information regarding SBIs of estates and trusts.

**B. Trusts**

- (1) For the revocable trust person type, the grantor(s) of a revocable trust and the revocable trust are considered the same person for crop insurance purposes. When the grantor(s) of a revocable trust is the personal representative(s) or trustee(s) of the trust, the eligibility of:
  - (a) the trust is affected by the eligibility of the personal representative(s) or trustee(s); and

**B. Trusts (Continued)**

- (b) the personal representative(s) or trustee(s) is affected by the eligibility of the trust.
- (2) For the irrevocable trust person type, the grantor(s) and/or personal representative(s) or trustee of an irrevocable trust are not considered to be the same for crop insurance purposes.

**C. Estates**

The executor or administrator of an estate is not considered to be the same person for crop insurance purposes. For the estate person type, the deceased person and the successor estate is considered the same person for crop insurance purposes. When the ineligible person dies, the successor estate is ineligible until the ineligibility is resolved.

**D. Liability of Executor or Personal Representative when acting on behalf of an Estate or Trust**

If a delinquent debt occurs, the executor or personal representative (trustee) may be determined individually ineligible based on its actions as the executor or personal representative to the estate or trust. See [Para. 328A\(3\)](#).

**330** Entities Created to Conceal or Evade Ineligibility

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- (1) If an applicant or insured is a corporation, partnership, joint venture, trust, corporation, limited liability company, **limited liability partnership**, limited partnership, or other similar entity that was created to conceal the interest of an ineligible person or to evade the ineligibility determination of a person with an SBI in the applicant or insured, then:
  - (a) such person is ineligible for crop insurance authorized under the ACT; and
  - (b) all policies for such person will be void.
- (2) The following information may be useful when determining whether an entity was created to conceal or evade ineligibility. The following are provided only to assist AIPs in making a determination, and do not represent information that is required to be obtained before the AIP determines that an entity was created to conceal or evade ineligibility.
  - (a) Is the entity in question comprised of the same or substantially the same person(s) as the ineligible person?
  - (b) Was the entity in question created, or the process of creating the entity started:
    - (i) after the ineligible person was notified **that** they were ineligible; or
    - (ii) before the ineligible person was notified **that** they were ineligible but at a time the ineligible person could have reasonably known they were going to be determined ineligible?

### 330 Entities Created to Conceal or Evade Ineligibility (Continued)

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- (c) Did the entity not disclose that the ineligible person had an SBI in the entity?
- (d) Is the entity's business similar to that of the ineligible person, such as:
  - (i) operating in the same or similar geographic area as the ineligible person; and
  - (ii) producing the same or similar commodities as the ineligible person historically produced?

### 331 Effect of Ineligibility

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The effect of ineligibility is to deny reinsurance, premium subsidies, and other benefits under the ACT for persons meeting any of the ineligibility criteria. All persons submitting an Application for insurance, as well as persons with an existing policy, under the ACT are subject to verification of their eligibility status.

- (1) PASS will reject the policy when an:
  - (a) applicant or insured is the **named** insured and is an ineligible person included on ITS; or
  - (b) ineligible person included on ITS has an SBI in the applicant or insured and the insured share is not reduced commensurately.
- (2) **When the insured share of a policy is reduced in accordance with the ineligible person type:**
  - (a) **any indemnities or payment commensurate with the share reduced already made will be declared overpayments and must be repaid in full; and**
  - (b) **any premiums paid by the insured commensurate with the share reduced will be refunded.**
- (3) **The ineligible person will be placed on ITS and may be reported to other government agencies, unless the ineligible person is an individual and the sole reason for ineligibility is because the individual is not a U.S. citizen, U.S. non-citizen national, or qualified alien.**

### 332 Ineligibility Effective Dates

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#### A. Effective Date of Ineligibility

The effective date of the ineligibility for the person is the:

- (1) date that a policy was terminated for an unpaid premium, administrative fee, or any related interest owed;
- (2) payment due date contained in any notification of indebtedness for any overpaid indemnity, prevented planting payment, replanting payment, or other amounts due if the amount owed, including any related interest owed, as applicable, is not paid on or before the due date;

**A. Effective Date of Ineligibility (Continued)**

- (3) termination date determined under the applicable policy provisions in effect at the time the written payment agreement is executed;

**Example:** An insured enters into a written payment agreement on March 14, 2024, for a policy with a termination date of March 15, 2024. The insured did not make the scheduled payment due on or before June 30, 2025. The applicable termination date is March 15, 2025, according to the CCIP BP.

- (4) termination date the policy was or would have been terminated if the bankruptcy petition is dismissed before discharge;
- (5) date specified in a notification of disqualification, debarment, or suspension; or
- (6) beginning of the crop year in which the person is convicted of a controlled substance violation, debarred for committing a crime specified in 7 U.S.C. 2209j, or debarred for knowingly doing business with a person debarred under 7 U.S.C. 2209j, which is effectively the earliest termination date applicable under any policy, unless determined otherwise by the court.

**Example:** An insured individual is convicted of a controlled substance violation in 2024. The effective date of ineligibility for the convicted individual is the earliest termination date for the 2024 crop year.

**Note:** The date of delinquency refers to the date the debt becomes delinquent and may be the same as the ineligibility effective date unless some other condition or exception applies. See also [Paras. 310B and 332C](#).

**B. Ineligibility Effective Date and Weekend or Federal Holidays**

If the termination date, or other due date, falls on a Saturday, Sunday, or Federal holiday, the next business day will apply for purposes of determining if the debt is delinquent.

This applies to the date of postmark as well as the date payment is received. The published termination date or due date will not be changed and will be the date of ineligibility if the person is determined a debtor and ineligible for crop insurance programs administered by FCIC.

**Example:** The termination date of November 30, 2024, is a Saturday. The AIP may accept payments on the next business day of December 2, 2024. If the insured does not pay on or before December 2, 2024, the ineligible record sent to RMA must have a debt delinquency date of November 30, 2024.

When determining eligibility on policies with a November 30, 2024, termination date, the postmark date for payments mailed will also be extended to the next business day of December 2, 2024.

**B. Ineligibility Effective Date and Weekend or Federal Holidays (Continued)**

**Note:** The 7-day transit rule for receipt of late payments due to postal errors began March 16, 2015. See also [Para. 523](#) for more information regarding the 7-day transit rule.

**C. Ineligibility Effective Date and Benefits Termination**

The applicable date for ineligibility applies to the person, not to a specific crop. However, program benefits may not cease immediately for all insured crops. See [Part 4](#) for more information regarding policy termination.

**(1) Termination Date Prior to the Date of Ineligibility**

Program benefits will continue for any insured crop where the termination date is prior to the date of ineligibility and will continue to the end of the insurance period for that insured crop. If eligibility has not been reinstated or regained, benefits will be denied on the next termination date of that insured crop.

**Exception:** Program benefits are denied immediately for an insured convicted of a controlled substance violation or whose bankruptcy petition is dismissed ([see Para. 701 and Para. 614, respectively](#)). Persons are ineligible for benefits effective the crop year of conviction or bankruptcy dismissal, irrespective of any applicable crop termination date or whether insurance has already attached to the crop.

**(2) Date of Ineligibility Prior to the Termination Date**

Program benefits are denied immediately for any insured crop on the termination date when the date of ineligibility is on or before the termination date. This includes denial of program benefits for any PP coverage applicable for a person insured the previous crop year.

**Example 1:** Insured A insures wheat and corn for 2024. When the AIP transmits data to RMA for wheat on October 15, 2023, the insured is eligible for 2024 wheat coverage. Insured A fails to pay the premium for 2023 corn and is terminated March 15, 2024. On March 21, 2024, the AIP transmits an I60 record to ITS certifying insured A as a debtor for corn. A Notice of Ineligibility is mailed to insured A and the insured's name is added to ITS.

The effective date of ineligibility is the March 15, 2024, termination date. Insurance data for any crop with a SCD of March 15, 2024, or later, will be rejected by PASS. All insurance data for the 2024 wheat will be accepted. Insured A will be ineligible for corn coverage beginning with the 2024 crop year and ineligible for coverage beginning with the 2025 crop year if Insured A remains ineligible as of the 2025 SCD for wheat.

### C. Ineligibility Effective Date and Benefits Termination (Continued)

**Example 2:** Insured B owes premium to AIP A for 2023 corn and is terminated March 15, 2024, for failure to pay. Insured B submits an Application for insurance for 2024 corn to AIP B on March 15, 2024. AIP B transmits Appendix III entity and policy records on March 21, 2024, which are accepted by PASS. On March 22, 2024, AIP A transmits an I60 record certifying insured B as a debtor to ITS, and insured B is added to ITS. On June 15, 2024, AIP B submits insured B's corn acreage record data, which is rejected because of insured B's ineligible status.

AIP B must transmit a P49 Record deleting all previously submitted data accepted by PASS for affected crops. Insured B's Application for corn insurance is rejected by AIP B according to the provisions of the policy, and any payments of indemnities made prior to rejecting the Application must be repaid. Additionally, any PP or replanting payments made prior to rejecting the Application must be repaid.

#### (3) Policies with a SCD Prior to Termination Date

For policies with a SCD prior to the termination date, such policies will terminate for the current crop year even if insurance attached prior to the termination date. Termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, PP or replanting payment will be owed.

**Example 1:** Insured A insures wheat for 2024 with a SCD of September 30, 2023, and a termination date of November 30, 2024. Insured A fails to pay premium for 2023 wheat by November 30, 2023. The AIP reports the insured to ITS with a debt delinquency date and effective date of ineligibility of September 30, 2023.

**Example 2:** Insured A had 2023 alfalfa seed and winter wheat policies. Insured A insures alfalfa seed for 2024 with a SCD of September 30, 2023, and a termination date of September 30, 2024. Insured A also has a 2024 winter wheat policy with a SCD of September 30, 2023, and a termination date of November 30, 2024. The 2023 alfalfa seed policy premium was paid timely on or before the September 30, 2024, termination date.

However, insured A fails to pay the 2023 winter wheat policy premium by the November 30, 2023, termination date for wheat. The AIP reports insured A to ITS with a debt delinquency date and effective date of ineligibility of September 30, 2023, which means insured A is ineligible for both the 2024 alfalfa seed and winter wheat policies.

**C. Ineligibility Effective Date and Benefits Termination (Continued)**

**Example 3:** Insured A had 2023 alfalfa seed and winter wheat policies. Insured A insures alfalfa seed for 2024 with a SCD of September 30, 2023, and a termination date of September 30, 2024. Insured A also has a 2024 winter wheat policy with a SCD of September 30, 2023, and a termination date of November 30, 2024.

The 2023 alfalfa seed policy premium was not paid on or before the September 30, 2023, termination date. Insured A does pay the 2023 winter wheat premium by November 30, 2023, but does not pay the 2023 alfalfa seed policy premium. The AIP reports insured A to ITS with a debt delinquency date and effective date of ineligibility of September 30, 2023, and insured A is ineligible for both the alfalfa seed and winter wheat 2024 crop policies even though the premium was paid for the 2023 winter wheat policy.

**333** Time Period of Ineligibility

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The time period of ineligibility depends upon the type of ineligibility determination.

**A. Delinquent Debt**

If the basis for ineligibility is based upon a delinquent debt, then the time period for ineligibility is from the date of ineligibility until:

- (1) the debt is paid in full;
- (2) the debt is discharged in bankruptcy or a motion to incur debt is received by the AIP; or
- (3) a written payment agreement is executed.

**B. Conviction - Controlled Substance**

- (1) Conviction of Planting, Cultivating, Growing, Producing, Harvesting, or Storing a Controlled Substance

If the basis for ineligibility is based upon a conviction for planting, cultivating, growing, producing, harvesting, or storing a controlled substance, then the time period for ineligibility is from the beginning of the crop year in which the person is convicted and the four subsequent consecutive crop years.

**B. Conviction - Controlled Substance (Continued)**

**(2)** Conviction of Possession of or Trafficking in a Controlled Substance

If the basis for ineligibility is based upon a conviction of possession of or trafficking in a controlled substance, then the time period of ineligibility is in addition to the time period for a conviction of planting, cultivating, growing, producing, harvesting, or storing a controlled substance, from the beginning of the crop year in which the person is convicted, unless determined otherwise by the court, until the time imposed by the court expires.

**C. Disqualification, Debarment, or Suspension**

If the basis for ineligibility is based upon a disqualification, suspension, or debarment then the time period for ineligibility is from the date of disqualification, suspension, or debarment is signed/approved by person authorized to take such action until the time period specified in the order expires.

**D. Felony Conviction for Knowingly Defrauding the U.S. in Connection with Any Program Administered by the USDA (Debarment under 7 U.S.C. 2209j)**

If the basis for ineligibility is based upon a felony conviction for knowingly defrauding the U.S. in connection with any program administered by the USDA, then the time period for ineligibility is permanent beginning with the crop year in which the person is convicted.

**Exception:** The Secretary of Agriculture may reduce the time period of ineligibility to a period of no less than 10 years.

**E. Not a U.S. Citizen, U.S. Non-Citizen National, or a Qualified Alien**

If the basis for ineligibility is based upon a person not being a U.S. citizen, U.S. non-citizen national, or a qualified alien, then the period of ineligibility is until such time the individual becomes a U.S. citizen, U.S. non-citizen national, or a qualified alien.

**334-340** (Reserved)

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## Section 4: Certification

### 341 AIP Certifying Records to RMA

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By submitting electronic records to ITS the AIP is certifying the person is ineligible to participate in any program administered under the ACT, and the person has been provided the applicable notifications and opportunity to review according to [Para. 301](#). A person must be given written notice and an opportunity to review and contest the reasons program eligibility may be denied before [the](#) AIP submits electronic records to RMA. Any person certified to RMA will be identified as ineligible on ITS.

See Appendix III for Ineligible Policy/Producer Record requirements (i.e., I60, I60A, I60B, and I65).

### 342 RMA Actions Upon Receipt of Information of Ineligibility

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#### A. Ineligibility Because of Debt, Disqualification, Debarment, or Suspension

Upon receipt of a certification of a debt or notification of disqualification, debarment, or suspension, RMA will include the person on ITS and issue a Notice of Ineligibility to the person at the person's last known address.

Generally, persons with an SBI in the ineligible person are also deemed ineligible. Ineligible SBIs will be included on ITS and notified of such if the ineligibility is due to a delinquent debt. SBI holders include, but are not limited to, spouses, minors, members and partners of general partnerships, joint ventures, limited partnerships, limited liability partnerships, and limited liability companies. The applicable AIP will be notified if ineligibility is for delinquent debt owed to [the](#) AIP. RMA may request supporting documentation, if needed.

Failure to receive the Notice of Ineligibility by the person does not limit the enforcement of ineligibility or extend the deadline for filing an appeal determined by using a reasonable receipt date for the notice.

The Notice of Ineligibility will:

- (1) list the criteria upon which ineligibility has been based;
- (2) contain a brief statement of the facts to support ineligibility;
- (3) state the time period of ineligibility;
- (4) advise the person of the right to appeal being included on ITS; and
- (5) advise the person that any insured in which [they have](#) an SBI will be affected by having the premium and coverage reduced by the amount of the ineligible person's interest in a policy, if applicable.

See [Para. 353](#) for NAD appeal rights. See [Exh. 10-17](#) for Notice of Ineligibility letters.

**B. Ineligibility Because of Conviction of a Controlled Substance Violation**

Upon receipt of an insured's controlled substance conviction, RMA will:

- (1) research the policyholder database to verify crop, SCD of crop, crop year and ineligible/eligible dates;
- (2) include person on ITS; and
- (3) issue a Notice of Ineligibility, including the person's right to appeal including them on ITS, to the person at their last known address.

See [Exh. 13](#) for Notice of Ineligibility because of conviction of controlled substance violations.

**343-350** (Reserved)

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## Section 5: Reviews and NAD Appeals

### 351 Reviews Before Certification as Ineligible

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#### A. Debt

If the person disputes a debt owed to the AIP, the person may submit a request for a review to the AIP or seek mediation and/or arbitration. Binding arbitration or disputes that are not resolved before the termination date or other due date does not relieve the person of the requirement to pay the debt on or before the termination date, or other due dates. Additionally, binding arbitration or disputes will not prevent the person from being determined ineligible and their information transmitted to RMA as ineligible, and being issued a Notice of Ineligibility, unless the person executes a written payment agreement (see [Para. 301E\(2\)](#)).

AIP decisions regarding the determination of the debt cannot be appealed to NAD.

#### B. Disqualification, Suspension, Debarment, or Controlled Substance Violations

Determinations of disqualification, suspension, debarment, or controlled substance violations are not reviewable under these procedures.

### 352 Reviews After Certification as Ineligible

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After a person has been determined to be ineligible, certified and their information transmitted to RMA, the person may submit an appeal to the NAD if the person believes that they have been certified and their information transmitted to RMA in error, or if the person believes RMA or the AIP failed to give proper notice and a meaningful opportunity for review and to contest the debt before being certified and transmitted to RMA.

Failure of AIP to notify the person of the debt or comply with the procedures in [Para. 301](#) does not prevent termination of insurance under the terms of the policy, it only limits a timely determination of ineligibility.

A person whose ineligibility is based on disqualification, debarment, suspension, or a conviction for a controlled substance violation may appeal to NAD only if they believe they have been listed in ITS in error.

### 353 NAD Appeal Requirements

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To appeal to NAD:

- (1) the person appealing to NAD must be the person found ineligible and included in ITS.
- (2) any appeal must be submitted to NAD within 30 days of the date of receipt of the applicable notice of ineligibility.
- (3) the person who is listed on ITS because of delinquent debt cannot appeal to NAD contesting ineligibility based solely on debt.

### **353 NAD Appeal Requirements (Continued)**

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- (4) any challenge to the debt must be made to the AIP according to the applicable policy. A person may appeal being included in ITS if the AIP failed to comply with the procedures in [Para. 301](#), but cannot appeal the existence of the debt.

### **354 Impacts of NAD Appeal**

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A request for a NAD appeal will not result in the person being removed from ITS.

Pending resolution of the NAD appeal, all policy provisions, and responsibilities of the person and the AIP, such as filing applicable reports, giving notice of damage, etc., will apply. This assures all determinations necessary to establish premium, liability, any indemnity, etc., under the policy can be made, if applicable. However, no payment or indemnity will be made while the appeal is pending.

### **355-400 (Reserved)**

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## PART 4: TERMINATION

### Section 1: CCIP, ARPI, RI Plans, DRP (2021 or prior), LGM-Cattle (2021 and Subsequent), Dairy and Swine, and LRP-Fed, Feeder, and Swine (2021 and subsequent)

#### 401 Unpaid Administrative Fees or Premiums

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If the policy is terminated because of unpaid administrative fees or premiums, then the termination is effective on the termination date immediately subsequent to the billing date for the crop year.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

**Example:** 2024 crop year wheat has a SCD of September 30, 2023, and a termination date of November 30, 2024. Insured B does not pay the premium for the 2023 crop year by the November 30, 2023, termination date.

Insured B planted wheat prior to November 30, 2023. The wheat policy would be terminated for the 2024 crop year as of September 30, 2023. All other policies with a termination date after November 30, 2024, would be terminated if the debt still existed on their respective termination dates.

#### 402 Other Amounts Due

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If the policy is terminated due to other amounts due, then the termination is effective on the termination date immediately subsequent to the billing date for the crop year.

Policies with a SCD prior to the termination date will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the SCD and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting, or replant payment will be owed.

#### 403 Failure to Make Scheduled Payment Under Written Payment Agreement

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The termination effective date for a policy when an insured fails to make a scheduled payment under a written payment agreement is the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the crop year will start the day after the termination date and end on the next termination date.

**Example 1:** Insured A entered into a written payment agreement on or before the November 30, 2023, termination date. Insured A fails to make a scheduled payment on November 15, 2024. The policy will terminate on November 30, 2023, for the 2024 crop year.

**Example 2:** Insured A entered into a written payment agreement on or before the November 30, 2023, termination date. Insured A fails to make a scheduled payment on December 15, 2024. The policy will terminate on November 30, 2024, for the 2025 crop year.

#### **404 All Other Policies Affected**

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A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the ACT, not just the policy for which the delinquent debt occurred.

The termination is effective on the termination date:

- (1) that coincides with the termination date for the policy with the delinquent debt; or
- (2) immediately following the date the insured became ineligible if there is no coincidental termination date.

#### **405 Dismissal of Bankruptcy Petition Before Discharge**

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The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

#### **406-410 (Reserved)**

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## Section 2: DRP (2022 and subsequent)

### 411 Unpaid Administrative Fees or Premiums

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If the policy is terminated because of unpaid administrative fees or premiums, then the termination is effective as of the prior crop year's cancellation date.

Policies will terminate for the current crop year even if insurance attached prior to the termination date, and no indemnity will be paid.

**Example:** If the insured purchased a DRP policy for the 2022 crop year, with a termination date of December 31, 2023, and they did not pay the premium or other amounts due for DRP by the termination date, the insured's DRP policy will terminate for the current crop year (2024) retroactive to the cancellation date of the prior crop year (2023) which is June 30, 2023, even if insurance has already attached for the current crop year (2024). \*\*\*

### 412 Other Amounts Due

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If the policy is terminated due to other amounts due, then the termination is effective as of the prior crop year's cancellation date.

Policies will terminate for the current crop year even if insurance attached prior to the termination date, and no indemnity will be paid.

**Example:** The insured purchased a 2022 crop year DRP policy and paid the premium prior to the December 31, 2023, termination date. However, an adjustment was made to their policy after the termination date which resulted in an other amount due. The letter was sent, dated February 21, 2024, with a due date of March 22, 2024. If the debt is not paid by the due date, the insured's DRP policy will terminate for the current crop year (2024) retroactive to the cancellation date of the prior crop year (2023) which is June 30, 2023, even if insurance has already attached for the current crop year (2024). \*\*\*

### 413 Failure to Make Scheduled Payment Under Written Payment Agreement

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The termination effective date for a policy when an insured fails to make a scheduled payment under a written payment agreement is the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the crop year will start the day after the termination date and end on the next termination date.

**Example 1:** Insured A entered into a written payment agreement on or before the December 31, 2023, termination date. Insured A fails to make a scheduled payment on November 1, 2024. The policy will terminate on December 31, 2023, for the 2024 crop year.

**Example 2:** Insured A entered into a written payment agreement on or before the December 31, 2023, termination date. Insured A fails to make a scheduled payment on April 1, 2025. The policy will terminate on December 31, 2024, for the 2025 crop year.

#### **414 All Other Policies Affected**

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A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the ACT, not just the policy for which the delinquent debt occurred.

The termination is effective on the termination date:

- (1) that coincides with the termination date for the policy with the delinquent debt; or
- (2) immediately following the date the insured became ineligible if there is no coincidental termination date.

**Example:** Insured B purchased a DRP quarterly coverage endorsement on December 3, 2021, and did not pay the premium by the termination date of December 31, 2023, and subsequently purchased a CCIP corn policy on March 15, 2022. The DRP policy is terminated December 31, 2023, and the producer is ineligible for DRP as of cancellation date of the prior crop year (2023) which is June 30, 2023. However, the CCIP corn policy would remain in effect for 2023 and would be terminated as of March 15, 2024, if the DRP premium remained delinquent. No indemnity will be due for that crop year for either crop.

#### **415 Dismissal of Bankruptcy Petition Before Discharge**

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The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

#### **416-420 (Reserved)**

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## Section 3: WFRP

### 421 Unpaid Administrative Fees or Premiums

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If the policy is terminated because of unpaid administrative fees or premiums, then the termination is effective on the first day of the insurance year immediately subsequent to the insurance year for which the premium or administrative fee was due.

Insurance will be considered not to have attached in the subsequent year and no premium will be owed or indemnity paid.

### 422 Other Amounts Due

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If the policy is terminated due to other amounts due, then the termination is effective on the termination date immediately after the account becomes delinquent.

### 423 Failure to Make Scheduled Payment Under Written Payment Agreement

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The termination effective date for a policy when an insured fails to make a scheduled payment under a written payment agreement is the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment. For this purpose only, the insurance year will start the day after the termination date.

**Example:** Insured A entered into a written payment agreement on or before the March 15, 2024, termination date with the first payment due date of March 15, 2025. If the termination date is March 15, 2025, and Insured A fails to make a payment on or before March 15, 2025, the policy will terminate on March 15, 2024, for the 2025 insurance year.

### 424 All Other Policies Affected

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A delinquent debt for any policy will result in termination of all of the insured's policies issued by the AIP under the authority of the ACT, not just the policy for which the delinquent debt occurred.

The termination is effective on the termination date:

- (1) that coincides with the termination date for the policy with the delinquent debt; or
- (2) immediately following the date the insured became ineligible if there is no coincidental termination date.

### 425 Dismissal of Bankruptcy Petition Before Discharge

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The termination effective date for a dismissal of a bankruptcy petition before discharge is the termination date the policy was or would have been terminated.

### 426-430 (Reserved)

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## Section 4: LGM-Cattle (2020 or prior), and LRP-Fed, Feeder and Swine (2020 or prior)

### 431 Unpaid Premiums or Administrative Fees

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If the policy is terminated because of unpaid premium resulting from a check returned for insufficient funds, then the termination is effective on the SCD or the effective date of the Specific Coverage Endorsement for LRP.

### 432 Other Amounts Due

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If the policy is terminated because of other amounts due, then termination is effective on the termination date immediately after the debt becomes delinquent.

### 433 Failure to Make a Scheduled Payment Under a Written Payment Agreement

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If the policy is terminated because of the failure to make scheduled payment under a written payment agreement, then termination is effective on the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

### 434 All Other Policies Affected

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A delinquent debt for any policy will result in termination of all of the insured's policies, including crop policies, issued by the AIP under the authority of the ACT, not just the policy for which the delinquent debt occurred. The termination effective date for other policies for which a debt is not delinquent but are terminated because of a delinquent debt for the insured's Livestock Risk Protection policy depends on the type of delinquent debt.

#### A. Unpaid Premiums or Administrative Fees

If all other policies are being terminated because of unpaid premium resulting from a check returned for insufficient funds, then the termination of such policies is effective on the next termination date contained in the applicable policy.

#### B. Other Amounts Due

If the policy is terminated because of other amounts due, then the termination date is effective on the termination date immediately after the debt becomes delinquent.

#### C. Failure to Make a Scheduled Payment Under a Written Payment Agreement

If the policy is terminated because of the failure to make a scheduled payment under a written payment agreement, then termination is effective on the termination date for the crop year prior to the crop year in which the insured failed to make the scheduled payment.

### 435 Dismissal of Bankruptcy Petition Before Discharge

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Dismissal of a bankruptcy petition before discharge will void all policies in effect retroactive to the date the insured was originally determined ineligible to participate.

### 436-440 (Reserved)

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## Section 5: Disqualification, Debarment, Suspension, and Knowingly Defrauding the United States

### **441** Disqualification, Debarment, or Suspension Termination Effective Date

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The termination effective date for ineligibility as a result of disqualification, debarment, or suspension will be the termination date following the date the person was disqualified, debarred, or suspended by debarring official, Administrative Law Judge, or such other person authorized to take such action, unless otherwise provided in the order.

### **442** Knowingly Defrauding the United States Termination Effective Date

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The termination effective date for a felony conviction for knowingly defrauding the United States in connection with any program administered by USDA will be the beginning of the crop year in which the individual is convicted.

### **443-500** (Reserved)

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## PART 5: REGAINING, AND REINSTATING ELIGIBILITY

### Section 1: Regaining, Reestablishing, and Reinstating Eligibility

#### 501 Criteria for Retaining, Regaining, Reestablishing, and Reinstating Eligibility

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For a delinquent debt, eligibility may occur if:

- (1) the delinquent debt is paid in full;
- (2) a written payment agreement is executed, and payments are rendered in accordance with said agreement;
- (3) a notice of bankruptcy discharge or an order from the bankruptcy court to incur future crop insurance debt is provided to the AIP;
- (4) RMA Administrator or AIP Reinstatement is authorized; or
- (5) a favorable NAD decision is granted.

#### 502 Regaining Eligibility After a Period of Ineligibility

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After the period of ineligibility has ended, the ineligible person is eligible to participate in programs authorized under the ACT, if all eligibility requirements of [Para. 322](#) are met.

#### 503 Debt Write-Off Authority to Retain or Reinstatement Eligibility

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See Appendix III, Part 3 Para. 26 for information regarding debt write-off to retain or reinstate eligibility.

All CAT fees must be collected in full to retain or reinstate eligibility. There is no write-off authority for CAT fees.

#### 504 Regaining Eligibility Under a Written Payment Agreement

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Regaining eligibility under a written payment agreement requires the person to make all payments according to the agreement. Failing to comply with the agreement will result in an immediate determination of ineligibility. A subsequent Notice of Debt or Notice of Ineligibility is not required to be sent upon default.

#### 505 Reinstatement from a Claim Pending at Termination Date

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An insured may have a claim for an indemnity pending at the time of the termination date. A pending claim does not affect the obligation of the insured to pay the premium by the termination date to maintain eligibility for crop insurance coverage. [The](#) AIP will terminate insurance coverage on the termination date on the basis that the premium is delinquent without regard to a pending indemnity.

## **505 Reinstatement from a Claim Pending at Termination Date (Continued)**

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When a claim which results in a payable indemnity was signed by the insured prior to the crop termination date, and satisfies the outstanding insurance debt:

- (1) the insured's eligibility will be reinstated effective with the beginning of the crop year for the affected crop(s); and
- (2) crop insurance coverage will be effective provided all policy provisions and responsibilities, such as filing applicable reports, giving notice of damage, etc., have been met.

## **506 Reestablishing Eligibility for Bankruptcy**

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### **A. Notification to Incur Future Debts**

- (1) If the person filed for bankruptcy prior to the termination date or other due date, then the following applies.
  - (a) For CAT policies, the AIP must notify its RMA ITS representative that the person is eligible, provide a copy of the bankruptcy filing and an order from the bankruptcy court to incur future debts.
  - (b) For additional coverage policies, the AIP is not required to transmit anything to ITS.
- (2) If the person filed for bankruptcy after the termination or other due date, then the following applies:
  - (a) For CAT policies, the AIP must notify its RMA ITS representative that the person is eligible, provide a copy of the bankruptcy filing and an order from the bankruptcy court permitting the insured to incur future debts.
  - (b) For additional coverage policies, the AIP must transmit the I60 record using the Ineligible Transaction Code of "10," including the bankruptcy date as of the date of filing.

### **B. Debt Discharge**

- (1) If the person filed for bankruptcy prior to the termination date or other due date:
  - (a) For CAT policies, the AIP must provide a copy of the bankruptcy discharge from the court.
  - (b) For additional coverage policies, the AIP is not required to transmit anything to ITS.

## 506 Reestablishing Eligibility for Bankruptcy (Continued)

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### B. Debt Discharge (Continued)

- (2) If the person filed for bankruptcy after the termination date or other due date:
- (a) For CAT policies, the AIP must notify its RMA ITS representative that the person is bankruptcy eligible and provide a copy of the bankruptcy discharge from the court.
  - (b) For additional coverage policies, the AIP must transmit the I60 record using the Ineligible Transaction Code of “10,” including the bankruptcy date as of the date of Discharge.

## 507 Reinstatement of Eligibility

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If an ineligible person is subsequently determined to be an eligible person through mediation, arbitration, appeal, judicial review, or RMA Administrator or AIP authorized reinstatement, such person’s policies will be reinstated effective at the beginning of the crop year for which the person was determined ineligible. The eligible person will be entitled to all applicable benefits under such policies, provided the person meets all eligibility requirements and complies with the terms of the policy.

Once a policy is terminated or voided it cannot be reinstated for the current crop year unless it was terminated or voided in error, or RMA Administrator or AIP authorized reinstatement applies.

## 508 Reestablishing Eligibility After NAD Appeal

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### A. Favorable NAD Decision

If eligibility is reestablished based on a favorable NAD decision for the appellant or a rescission by the FCIC based on information presented in the NAD appeal, then the person is eligible as of the termination date and all voided or terminated policies are reinstated.

The person will be removed from ITS. If the person meets all eligibility requirements and complied with all policy provisions, then the person is entitled to all applicable insurance benefits for any affected crop effective with the beginning of the crop year insurance coverage was denied due to being listed in ITS.

### B. Unfavorable NAD Decision

If the person received an unfavorable NAD decision, the person remains ineligible for the established period of ineligibility.

## 509 Obtaining Crop Insurance After Regaining Eligibility

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If a person wishes to obtain crop insurance authorized under the ACT after the person regains eligibility, they must submit a new Application for crop insurance coverage on or before the applicable SCD of the terminated or desired policy(ies). If the date of regaining eligibility occurs after the applicable SCD for the crop, the person may not obtain crop insurance until the following year.

## 509 Obtaining Crop Insurance After Regaining Eligibility (Continued)

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**Exception:** Some crops, such as Nursery, allow Applications to be submitted after the SCD with a waiting period for insurance attachment. In such cases, the person would be able to participate in that crop program in the crop year eligibility is regained, if a new Application is submitted and all other criteria met. This is considered a new policy, not a policy being reinstated.

## 510 Coverage for a Reinstated Policy

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If a policy was terminated or voided and then reinstated because it was terminated or voided in error, then reinstatement is effective for the crop year that the policy was terminated or voided.

For coverage for an RMA Administrator or AIP Reinstatement, see Paras. [522I](#) and [523J](#). \*\*\*

## 511-520 (Reserved)

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521 General Information

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**A. Authority**

Beginning with the 2015 CY for crops with a CCD on or after June 30, 2014, the Administrator for the RMA (Administrator), at their sole discretion, may authorize a policy to be reinstated for any person determined to be ineligible to participate in the Federal crop insurance program due to their inadvertent failure to pay a debt owed in accordance with the terms of their applicable policy, 7 CFR § 400.679 subpart U, and these procedures. The Administrator has delegated this authority to the AIP in limited situations.

**B. Reinstatement Types**

Any person who has been determined to be ineligible for crop insurance due to failure to pay a debt owed may request reinstatement by submitting a written request. Depending upon the circumstances that caused the inadvertent failure, the following avenues to request reinstatement may be available.

**(1) RMA Administrator Authorized Reinstatement**

The Administrator may authorize reinstatement of an ineligible person's policy if the ineligible person can demonstrate that its failure to pay its debt timely was due to an extenuating circumstance that was unforeseeable, unavoidable, or created a situation or event that prevented the person from complying with making timely payment such as, but not limited to, the following:

- (a) a weather event;
- (b) medical event (serious illness or death); or
- (c) an active-duty United States military obligation.

**(2) AIP Authorized Reinstatement**

The AIP is delegated the authority by the Administrator to reinstate a policy where timely payment was made, but:

- (a) a small amount was omitted from the payment received;
- (b) the payment amount was clearly transposed; the payment was postmarked and delayed no more than 7 calendar days after the termination date or other date due; or
- (c) for a previously executed written payment agreement, a payment that is the full payment of the scheduled payment amount owed that is dated, submitted by the insured, and postmarked no more than 15 calendar days after the due date on the agreement.



**A. Criteria for RMA Administrator Authorized Reinstatement**

A person who has been determined to be ineligible to participate in the crop insurance program must provide evidence that:

- (1) full payment of the delinquent debt has been received by the AIP or FCIC;
- (2) their failure to timely pay the debt owed to the AIP or FCIC was due to an extenuating circumstance such as a weather event, medical event, or an active-duty obligation to the United States military;
- (3) they have submitted a written Request for Administrative Reinstatement (Request), and applicable supporting documentation, to their AIP no later than 60 days after the applicable termination date, missed payment date of a previously executed written payment agreement, the other due date in the notice to the person of the amount due in the case of overpaid indemnity or any amount that became due after the termination date; and
- (4) there is no evidence of fraud or misrepresentation.

**B. Conditions that Qualify for Reinstatement**

The RMA Administrator may grant relief for extenuating circumstances if the person meets the conditions to qualify for reinstatement. The following provides a few examples and are not intended to be an exhaustive list:

(1) Weather Event

Reinstatement may be granted when the occurrence of a weather event prevented the person from making a timely payment.

**Example:** One week prior to the termination date, the area surrounding the insured's primary residence was hit by a blizzard, which caused transportation, communication, and power issues in the region for 10 days. As a result, the insured failed to pay their crop insurance premium timely, and their policy was terminated. The Administrator may authorize reinstatement of their policy.

(2) Medical Event (Serious Illness)

**Example:** An insured is injured in a car accident a week before the termination date and is hospitalized for 8 days. Due to the traumatic injuries, the insured entered rehabilitation treatment once released from the hospital. As a result, the insured failed to pay their crop insurance premium timely, and their policy was terminated. The Administrator may authorize reinstatement of their policy.

**B. Conditions that Qualify for Reinstatement (Continued)**

(3) Medical Event (Death)

**Example:** An insured's mother died two weeks before the termination date. The insured had to arrange the funeral and take care of business matters related to their mother's estate. As a result, the insured failed to pay their crop insurance premium timely, and their policy was terminated. The Administrator may authorize reinstatement of their policy.

(4) United States Military Active Duty

Reinstatement may be granted if the insured failed to pay the debt timely because they were called to full-time active duty to the United States military service. This duty prevented the person from making timely payment. Active duty in the United States military refers to full-time duty in the active military service of the United States. This includes members of the Reserve Component serving on active duty but does not include full-time National Guard duty unless it is qualifying National Guard duty during a war or other military operation or national emergency.

Qualifying National Guard duty means service on full-time National Guard duty under a call to active service authorized by the President, the Secretary of Defense, or the Governor for a period of more than 30 consecutive days in connection with a war, other military operation, or a national emergency declared by the President and supported by Federal fund. Reinstatement may be authorized for lesser active-duty periods that may have prevented payment on a case-by-case basis. The requestor must provide justification with the Request.

**Example:** The insured is a member of the National Guard. Thirty days prior to the termination date, the President unexpectedly declared a national emergency. The insured was obligated to report to duty and remain in service for 45 consecutive days. After being released from active duty, the insured remits full payment to the AIP. The Administrator may authorize reinstatement of the policy.

**C. Conditions that Do Not Qualify for Reinstatement**

(1) Conditions that likely will not qualify

Reinstatement will not be granted where the person's failure to pay a debt is due to the person forgetting, without extenuating circumstances, to pay the debt timely.

**Example:** The insured's termination date was September 30th. The insured meant to mail the check to the AIP but did not mail the check until October 23rd. There were no extenuating circumstances. The insured just forgot to pay the bill on time. Reinstatement of the insured's policy is not likely.

**C. Conditions that Do Not Qualify for Reinstatement (Continued)**

**(2) Evidence of Misrepresentation or Fraud**

Reinstatement will not be granted if there is evidence of misrepresentation or fraud. If the Administrator authorizes reinstatement of the person's policy and RMA later discovers evidence of misrepresentation or fraud in the materials presented to the Administrator, the person is subject to remedial sanctions in accordance with 7 CFR Part 400, subpart R.

Additionally, the person's ineligibility will be reinstated retroactive to the original date of ineligibility. Any policy issued subsequent to the granting of administrative reinstatement will be void, and the person will be required to pay 20 percent of the premium that would otherwise be required to offset costs incurred by the AIP in service of the policy(ies). If previously paid, the balance of the premium paid for any new policy will be returned. Voidance of the policy will result in the person having to reimburse all indemnities, replant, and PP payments for the CYs in which the voidance was effective.

**D. Roles and Responsibilities**

**(1) The Requestor**

As required by [Para. 522A](#), a Request must be submitted no later than 60 days after the applicable termination date or missed payment date of a previously executed written payment agreement, or the other due date specified in the notice to the person of the amount due in the case of overpaid indemnity or any amount that became due after the termination date. To request RMA Administrator Authorized Reinstatement, the requestor must comply with all of the following requirements.

- (a) Remit full payment to the AIP or FCIC for the delinquent amount owed. If the insured has missed a payment under a previously executed written payment agreement, the insured must remit full payment of the entire debt that is owed.
- (b) Provide a detailed description of the extenuating circumstance (e.g., weather event, serious illness, or active military duty, etc.), that lead to a failure to pay timely a debt due to the AIP or FCIC.
- (c) Provide all applicable documentation in accordance with [Para. 522E](#) below that substantiates the details described in the Request for RMA Administrator Authorized Reinstatement. All documentation must be legible. If the authentication of the documents is in question, a color copy may be required.
- (d) Submit a signed Request form with applicable documentation to RMA through their AIP.

**D. Roles and Responsibilities (Continued)**

- (e) Meet all other policy requirements (e.g., maintain an insurable share, and not be ineligible for reasons other than the delinquent debt).

If the Request for RMA Administrator Authorized Reinstatement is approved, the requested policy is in force, and the requestor must pay all fees and premium by the due date specified in its notice.

**(2) The AIP**

The AIP must create a Request for Administrative Reinstatement form using the Late Payment of Debt Form Standards in the DSSH. When a Request is received by the AIP, the AIP must comply with the following requirements.

- (a) Accept the delinquent amount paid by the ineligible person. The delinquent amount is considered paid when the amount remitted completely satisfies the delinquent debt. The AIP is to advise RMA if a payment is not honored by the remitter's financial institution.
- (b) The AIP must obtain fully legible copies (front and back) of all documents required by [Para. 522D\(1\)](#). If the supporting documentation appears to be altered or counterfeit, or if the requestor presents documentation that does not conform to the standards provided in [Para. 522E](#), the AIP must annotate the request indicating such concerns.
- (c) Review the documentation provided by the ineligible person and ensure the Request is complete and signed by the requestor and the AIP representative. The AIP does not have the authority to deny any Request for RMA Administrator Authorized Reinstatement and any Request received by the AIP from the ineligible person must be submitted to RMA.
- (d) Unless the conditions in [Para. 522C](#) apply, the AIP must then forward the Request form and supporting legible documentation to RMA within 15 days of the date of receipt by the AIP.

The Request and supporting documentation must be uploaded to the Late Payment of Debt SharePoint site at the following location:  
[carssp.app.rm.usda.gov/sites/LatePaymentofDebt](https://carssp.app.rm.usda.gov/sites/LatePaymentofDebt)

**Note:** The Request must be uploaded before the supporting documentation and must have a valid RMA Entity ID which can be found on the I61 record.

- (e) Maintain the ineligible policy within the AIP's system, until reinstatement of the policy is authorized by the Administrator, in accordance with the following:
  - (i) If the ineligible person is the applicant or insured, the ineligible policy cannot be transmitted to RMA; or

**D. Roles and Responsibilities (Continued)**

- (ii) If the ineligible person is an SBI to the applicant or insured, transmit the policy to RMA. The amount of coverage for all crops included on the Application must be reduced proportionately by the percentage of interest of that person in the applicant or insured.

**(3) RMA**

When a Request is received, RMA will review the Request and supporting documentation; and

- (a) grant the Request, if the documentation demonstrates that the requestor acted in good faith, yet a condition in [Para. 522C](#) caused an untimely payment; or

- (b) deny the Request.

RMA reserves the right to ask for additional information in review of the Request for RMA Administrator Authorized Reinstatement. RMA will send requests for additional information to the requestor through the AIP. The requestor must provide the additional information by the due date specified in the request from RMA to the AIP. If the requestor fails to provide the additional information by the due date, the Request for RMA Administrator Authorized Reinstatement will be automatically denied. If more information is asked for by RMA, a decision to accept or deny the Request for RMA Administrator Authorized Reinstatement will be issued after the receipt of the additional information.

RMA will send a notification letter to the AIP and the insured as verification that the Request has been received. When RMA has verified that all information and documentation needed for the Request has been received, RMA will provide an estimated timeframe for review to the AIP.

**E. Applicable Supporting Documentation**

Documentation that supports a Request includes, but is not limited to, the following:

- (1) police report verifying an accident or event;
- (2) newspaper articles;
- (3) affidavits and/or notarized statements;
- (4) witnesses statements/accounts;
- (5) redacted medical records and or medical billing statements;
- (6) military notifications and/or orders;
- (7) death certificates;

**E. Applicable Supporting Documentation (Continued)**

- (8) certified copies of public records; and
- (9) facts that are not subject to dispute, such as the occurrence of a hurricane and associated damage (e.g., weather reports or NOAA maps indicating the area and impact of the storm).

**F. RMA Administrator Authorized Reinstatement is Granted**

If a Request is granted by the Administrator, RMA will provide the original reinstatement decision letter to the requestor and a copy to the AIP. The AIP is thereby authorized to reinstate the person's policy in accordance with [Para. 522I](#). If the insured transfers to another AIP, the insured or the ceding AIP is responsible for ensuring the succeeding AIP is informed of the decision.

**G. RMA Administrator Authorized Reinstatement is Denied and Reconsideration Requests**

If a Request has been denied by the Administrator, that decision may only be appealed to NAD. Requests for reconsideration will not be accepted.

**H. Policy Transmission**

The AIP has 30 days from the date when the reinstatement request is granted by the Administrator to reinstate the policy and submit all applicable data to PASS, in accordance with Appendix III procedures. The ITS transmission status codes provided in Appendix III must be used to appropriately account for policies submitted in accordance with these procedures. See Appendix III for status codes for Late Payment of Debt.

**I. Coverage for Reinstated Policy**

If a Request is granted, the policy is to be reinstated effective at the beginning of the CY in which the insured was determined ineligible, and the person is entitled to all applicable benefits under such policies provided the person continues to meet the eligibility requirements and complies with the terms of the policy and there is no evidence of misrepresentation or fraud.

The coverage provided under the reinstated policy will use the same plan of insurance, coverage levels, endorsements, and options the person had prior to termination. To make changes in a subsequent policy year a Policy Change form or a new Application is required.

The insured must remain with the original agent and AIP unless a transfer Application was completed prior to the termination date for the new policy. It is the responsibility of the original AIP or the insured to notify the succeeding AIP of the decision for RMA Administrator Authorized reinstatement.

**A. Authority**

In accordance with 7 CFR Part 400, subpart U, the CCIP, and these procedures, the AIP is delegated the authority, by the Administrator, to reinstate a policy of a person determined to be ineligible to participate in the crop insurance program if its ineligibility was solely due to their failure to pay a delinquent debt and the conditions below are met.

**B. Criteria for AIP Authorized Reinstatement**

Requests for AIP authorized reinstatement must be submitted to the AIP no later than 30 calendar days after the applicable termination date or the missed payment date of a previously executed written payment agreement, the other due date specified in the case of overpaid indemnity or any amount that became due after the termination date. Requests for AIP authorized reinstatement submitted to the AIP more than 30 calendar days after the due date specified by this authority will not be considered for reinstatement. Written request waivers are allowed for the 7-day transit and 15-day grace period reinstatement authorities (see [Para. 523H](#)).

The AIP may reinstate a policy if the person can demonstrate that their ineligibility was solely due to their failure to pay a delinquent debt owed to the AIP or FCIC, and the following conditions are met:

(1) the person pays the full payment of the delinquent debt to the AIP or FCIC;

**Exception:** For a missed payment for a previously executed payment agreement that meets the criteria of (2)(b), (c), or (d) below, only the scheduled payment would be required to be paid to the AIP or FCIC.

(2) the person made an effort to pay the debt thought to be owed by the due date, but:

(a) they inadvertently failed to include a small amount, such as interest or an administrative fee in accordance with [Para. 523C\(1\)](#);

(b) they clearly transposed the amount that was due in accordance with [Paras. 523C\(2\)](#) or [523D\(2\)](#);

(c) the timely payment was delayed by the postal service and postmarked, no more than 7 calendar days after the termination date or the missed payment date of a previously executed written payment agreement, or other due date specified in the case of an overpaid indemnity or any amount that became due after the termination date in accordance with [Paras. 523C\(3\)](#) or [523D\(3\)](#); or

(d) for previously executed written payment agreements, the insured made the full payment of the scheduled payment amount owed within 15 calendar days after the missed payment date in accordance with [Para. 523D\(4\)](#).

(3) the person submitted a signed Request for Administrative Reinstatement and supporting documentation in accordance with [Paras. 523F](#) and [523G](#), no later than 30 days after the applicable due date to their AIP; and

**B. Criteria for AIP Authorized Reinstatement (Continued)**

(4) there is no evidence of fraud or misrepresentation.

**C. Conditions that Qualify for AIP Authorized Reinstatement**

(1) Small Amounts Due

(a) Small Amounts Authority

If a person made a good faith effort to pay the debt timely, yet failed to include a small or nominal amount, such as an administrative fee, in rendering the payment and the failure resulted in an ineligibility determination, the AIP is authorized to reinstate the person's policy. Small amounts are limited to any outstanding amount that is not more than the amount of the administrative fee or interest owed.

The person must clearly demonstrate that they timely remitted the payment thought to be owed and document the circumstances that led to the oversight. The person must also provide additional documentation to support its explanation. Simply stating that the oversight was inadvertent is not sufficient to meet the burden.

**Example:** An insured's descendant, who has no significant involvement with their operation, must now handle the business. The descendant remits timely payment from the most recent billing statement they have and believes is the final premium amount due. However, the remitted amount failed to include the calculated interest accrued of \$300.00 from a subsequent statement that had not been received at the time payment was remitted.

This failure resulted in an ineligibility determination for the insured. Because the insured's descendant paid the debt thought to be owed less the small amount of \$300.00, the AIP may authorize reinstatement of the insured's policy after the small amount is paid.

**Note:** Reinstatement is not available for amounts that exceed the small amount authority.

(b) Write-off of Established Debts Authority

These procedures do not alter or remove AIP authority provided in the Standards for Write-offs of Established Debt in Part 3, Sec. 26 of Appendix III of the SRA.



**C. Conditions that Qualify for AIP Authorized Reinstatement (Continued)****(2) Clearly Transposed Amounts****(a) Amounts Clearly Transposed Authority**

A person made a good faith effort to pay the debt timely, yet clearly transposed the payment amount from what was due, the AIP is authorized to reinstate the person's policy after the full amount is paid. The payment must have been received timely and clearly demonstrate that the amount due was transposed, or that payment was made on the incorrect policy.

**Example:** Insured owes \$892 but remits a timely payment of \$829. Since the insured made a good faith effort to pay the debt due, but the amount paid was short \$63 dollars and the amount was clearly transposed. The insured may qualify for AIP authorized reinstatement after the full amount is paid.

If the AIP determines that the amount was not clearly transposed or that the payment was not made on the incorrect policy/crop within the clearly transposed authority, then reinstatement is not available.

**(b) Write-off of Established Debts Authority**

These procedures do not alter or remove AIP authority provided in the Standards for Write-offs of Established Debt in Part 3, Sec. 26 of Appendix III of the SRA.

**(3) 7-day Transit Period****(a) Authority**

The person made the full payment of the amount owed, the payment was dated timely, and the payment was delayed by the postal service, and it is postmarked no more than 7 calendar days after the termination date or other due date specified, the AIP is authorized to reinstate the policy. The 7-day transit period is only applicable to situations where the payment is received with a postmark.

**Example:** The insured's termination date was February 28th, payment was dated February 28th, but payment is placed in the mail but not postmarked until March 3rd, the AIP may grant reinstatement for the late receipt and delay of their payment.

**(b) Delayed Payments Not Postmarked within 7-day Transit Period**

Payments not received by the termination date, not dated on or before the termination date or other applicable due date, or not postmarked within the 7-day transit period do not qualify for reinstatement under this authority. Additionally, payments hand-delivered to the respective agent or AIP after the termination date do not qualify for reinstatement under this authority.

**D. Written Payment Agreement**

For written payment agreements, the following applies.

**(1) Small Amounts Authority**

If the insured has missed a payment under a previously executed written payment agreement and meets the conditions for small amount authority, the insured must remit full payment of the entire debt that is owed to qualify for AIP authorized reinstatement.

**(2) Clearly Transposed Amounts**

If the insured missed a payment under a previously executed written payment agreement and meets the conditions for clearly transposed amounts, the insured is allowed to pay the correct amount for the scheduled payment that is due under the written payment agreement.

**(3) 7-day Transit Period**

For written payment agreements, timely full payment of the scheduled payment amount owed submitted by the insured (payment was dated on or before due date) that was delayed, due to postal delivery, as evidenced by the postmarked date no more than 7 calendar days after the due date on the agreement, is allowed AIP authorized reinstatement. In accordance with [Para. 523C\(3\)](#), payments hand-delivered to the respective agent or AIP after the due date do not qualify for reinstatement under the 7-day transit authority. There is no limit to how many times an insured under a written payment agreement may receive reinstatement under the written payment agreement.

The AIP must report the scheduled payment due date as the date of delinquency to ITS when a payment is postmarked within 7 **calendar** days of the scheduled payment date with the Ineligible Transaction Code of “47” after submitting the insured to ITS with the appropriate Ineligible Transaction Code according to the debt type.

**Example:** An insured with a crop termination date of March 15, **2024**, is indebted and enters into a written payment agreement signed and approved by all parties on or before March 15, **2024**. The payments are due on the first of each month beginning April 1. The May 1, **2024**, payment (dated May 1st) is received postmarked May 6, **2024**.

The insured must be reported to ITS with an Ineligible Transaction Code of “1” with a debt delinquency date of May 1, **2024**, then subsequently reported with the Ineligible Transaction Code of “47,” with a debt satisfied date of May 6, **2024**. The “47” Ineligible Transaction Code will remove any period of ineligibility as the eligible date will be updated to match the debt delinquency date.

**D. Written Payment Agreement (Continued)**

The insured's July 1, 2024, payment (dated July 1st) is received postmarked July 5, 2024. Again, the insured must be reported to ITS with an Ineligible Transaction Code of "1" with a debt delinquency date of July 1, 2024, then subsequently reported with the Ineligible Transaction Code of "47," with a debt satisfied date of July 5, 2024.

The insured's August 1, 2024, payment (dated August 5th) is received postmarked August 6, 2024. Since this payment is not considered timely (not dated on or before the due date), it would not be allowed reinstatement under the 7-day transit period authority. However, this payment would be allowed reinstatement under the 15-day grace period authority.

**(4) 15-Day Grace Period**

For a previously executed written payment agreement, a payment that is the full payment of the scheduled payment amount owed that is dated, submitted by the insured, and postmarked no more than 15 calendar days after the due date on the agreement, is allowed AIP authorized reinstatement. Additionally, payments hand-delivered to the respective agent or AIP within 15 calendar days after the due date do qualify for reinstatement under this authority, provided the respective agent or AIP documents that receipt of the payment occurred no more than 15 calendar days after the due date. There is no limit to how many times an insured under a written payment agreement may receive reinstatement under the written payment agreement.

The AIP must report the scheduled payment due date as the date of delinquency to ITS when a payment is postmarked no more than 15 calendar days after the scheduled payment date with the Ineligible Transaction Code of "46" after submitting the insured to ITS with the appropriate Ineligible Transaction Code according to the debt type.

**Example:** An insured with a crop termination date of March 15, 2024, is indebted and enters into a written payment agreement signed and approved by all parties on or before March 15, 2024. The payments are due on the first of each month beginning April 1. The May 1, 2024, payment (dated prior to May 15) is received postmarked May 13, 2024.

The insured must be reported to ITS with an Ineligible Transaction Code of "1" with a debt delinquency date of May 1, 2024, then subsequently reported with the Ineligible Transaction Code of "46" and the Special Purpose Flag of "P," with a debt satisfied date of May 13, 2024. The "46" Ineligible Transaction Code will remove any period of ineligibility as the eligible date will be updated to match the debt delinquency date.

**D. Written Payment Agreement (Continued)**

Next, the July 1, 2024, payment (dated prior to July 15) is received postmarked July 15, 2024. Again, the insured must be reported to ITS with an Ineligible Transaction Code of “1” with a debt delinquency date of July 1, 2024, then subsequently reported with the Ineligible Transaction Code of “46” and a Special Purpose Flag of “P,” with a debt satisfied date of July 15, 2024.

**E. Misrepresentation and Fraud**

AIP authorized reinstatement will not be granted if there is evidence of misrepresentation or fraud. If the AIP reinstates the person’s policy and RMA or the AIP later discovers evidence of misrepresentation or fraud in the materials presented to the AIP, the person is subject to remedial sanctions in accordance with 7 CFR Part 400, subpart R.

Additionally, the person’s ineligibility will be reinstated retroactive to the original date of ineligibility. Any policy issued subsequent to the granting of AIP authorized reinstatement will be void, and the person will be required to pay 20 percent of the premium that would otherwise be required to pay to offset costs incurred by the AIP in service of the policy(ies). If previously paid, the balance of the premium paid for any new policy will be returned. Voidance of the policy will result in the person having to reimburse all indemnities, replant, and PP payments for the CYs in which the voidance was effective.

**F. Roles and Responsibilities**

**(1) The Requestor**

To request AIP authorized reinstatement, the requestor must submit a request no later than 30 calendar days after the applicable termination date or missed payment date of a previously executed written payment agreement, or the due date specified in the notice to the person of the amount due to the AIP, unless the requestor has received a written request waiver letter from their AIP. Approval will only be granted if the requestor can fully demonstrate that they have met all the criteria in [Para. 523B](#).

**(2) The AIP**

The AIP must create the Request for Administrative Reinstatement form using the Late Payment of Debt Form Standards in the DSSH and establish a process for receiving the request from an ineligible person. Additionally, the AIP must ensure that all approvals adhere to the conditions in [Para. 523B](#) and maintain all the applicable documentation. For the 7-day transit and 15-day grace authorities, written request waiver letters are allowed (see [Para. 523H](#)).

**G. Applicable Supporting Documentation**

Documentation that supports a Request for Administrative Reinstatement include, but is not limited, to the following:

- (1) postal payment envelopes or receipt labels;
- (2) policyholder billing statements;
- (3) policyholder AIP account history details, including payment schedules;
- (4) personal checks, cashier's checks and/or money orders; and
- (5) evidence of the reasonable basis for the late payment.

**H. Written Request Waiver**

In lieu of requiring a written request for the 7-day Transit Period in [Paras. 523C\(3\) and 523D\(3\)](#) and the 15-day Grace Period in [Para. 523D\(4\)](#) after a late payment is received by the AIP; the AIP may generate an acknowledgement letter to the insured as notification of their ineligibility and subsequent reinstatement in accordance with the terms of their policy. The letter must include the following information:

- (1) Acknowledge receipt of payment;
- (2) A statement that payment was delinquent but:
  - (a) dated timely and postmarked no more than 7 calendar days after the termination date or other applicable due date and they have the option to request reinstatement; or
  - (b) dated and postmarked or received no more than 15 calendar days after due the date on a payment agreement and they have the option to request reinstatement;
- (3) A statement that serves as acknowledgement of the insured's written request for reinstatement in accordance with terms of the policy;
- (4) A statement that allows the insured to respond to the AIP if they are requesting to terminate the policy; and
- (5) Statements advising the insured what the consequences will be if they request to terminate the policy. See [Paras. 301B\(3\) and \(4\)](#) and [Exh. 6 and 7](#) for language.

See [Exh. 4 and 5](#) for examples of the written request waiver letters.

**I. AIP Authorized Reinstatement Approved and Denied**

The AIP may reinstate the person's policy if the conditions within this section are met. If reinstated, the policy is effective at the beginning of the CY that the person was determined to be ineligible. If AIP authorized reinstatement is denied or unavailable to an ineligible person, the requestor may dispute the determination in accordance with GSH Part 6.

All requests, whether approved or denied, must be transmitted to ITS with the appropriate status codes as outlined in this paragraph and Appendix III.

**J. Coverage for a Reinstated Policy**

If AIP authorized reinstatement is granted, the policy is to be reinstated effective at the beginning of the CY in which the insured was determined ineligible, and the person is entitled to all applicable benefits under such policies provided the person continues to meet the eligibility requirements and comply with the terms of the policy and there is no evidence of misrepresentation or fraud.

The coverage provided under the reinstated policy will use the same plan of insurance, coverage levels, endorsements, and options the person had prior to termination. To make changes in a subsequent policy year a Policy Change form or a new Application is required.

## PART 6: OTHER RELATED INELIGIBILITY TRANSACTIONS

### Section 1: Written Payment Agreements

#### 601 Purpose

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A written payment agreement is a written document that is signed and dated by all applicable parties to satisfy financial obligations of the debtor with scheduled installment payments under conditions that modify the terms of the original debt. A written payment agreement may be executed by the debtor and the AIP or FCIC to satisfy financial obligations of the person to maintain eligibility by staying an ineligibility determination or to regain eligibility after an ineligibility determination is rendered.

Only one written payment agreement is permitted per termination date. However, a written payment agreement may cover multiple crops provided the termination date is the same for each crop.

**Note:** One written payment agreement may include multiple crop years (such as for overpaid indemnity determinations); however, the duration in which the person has to satisfy the payment agreement must not be longer than two years.

**Example:** Insured executes a written payment agreement for an overpaid indemnity for crop years 2021, 2022, and 2023 that have the same due date as determined by the notice of other amounts due. The insured has two years from the date of execution to satisfy the debts due under the agreement.

#### 602 Requirements and Modifications

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A written payment agreement requires scheduled installment payments that allow for full repayment of the debt, and cannot be:

- (1) more than two years in duration; and
- (2) modified, replaced, or consolidated after it is executed by the person or the AIP.

**Exception:** A debt may be modified if other conditions of the policy apply, e.g., offset due to indemnity payment. If a debt is modified by policy conditions, then remaining debt must be paid within the same payment schedule outlined in the written payment agreement. A loss credit is treated as a scheduled payment for this purpose.

The AIP must provide the insured the revised payment amounts in writing and in accordance with the time remaining under the written payment agreement.

See [Exh. 8](#) for an example written payment agreement.

#### 603 Timing and Signature

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##### **A.** To prevent an ineligible determination for a delinquent debt from:

- (1) unpaid premium, administrative fees, or CAT fees, the written payment agreement must be signed by all applicable parties, dated, and received by the AIP on or before the termination date specified in the applicable policy to avoid a period of ineligibility; or

## 603 Timing and Signature (Continued)

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### A. To prevent an ineligible determination for a delinquent debt from: (Continued)

- (2) other than for unpaid premium, administrative fees, or CAT fees, the written payment agreement must be signed by all applicable parties, dated, and received by the AIP on or before the due date specified in the notice to the person of the amount due to avoid a period of ineligibility.

### B. Written Payment Agreements Executed After Termination Date or Other Due Date in Notification

If a written payment agreement is executed after the termination date or other due date in a notification, the person must be made eligible as of the date the written payment agreement was executed. The Ineligible Transaction Code of "06" must be used when transmitting the written payment agreement date for eligibility purposes.

## 604 Notifications of Payments Due during a Written Payment Agreement

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AIPs are required to provide the insured a notification before each payment due date within an executed written payment agreement. Notifications must include the following information (see [Exh. 9](#) for example):

- (1) Current payment amount due;
- (2) Date the current payment is due; and
- (3) Advise that:
  - (a) if the payment is not paid on or before the due date, the policy will terminate, and ineligibility will be established effective on the date determined under the applicable policy provisions in effect at the time the written payment agreement was entered;
  - (b) they will be ineligible for Federal crop insurance the next crop year for any crop on which the termination date has not passed and on all crops in any subsequent crop year until eligibility is regained; and
  - (c) inform the person that they will be placed on a list of persons ineligible for Federal crop insurance.

**Note:** Notifications could additionally contain the total amount of debt remaining on the agreement.

This notification statement must be provided to the insured at least 15 calendar days before each payment due date and sent even if the insured has not made the prior month's payment. The notification is not required to be sent if the insured has defaulted on the payment agreement (2nd prior month's payment was not received or did not qualify for AIP authorized reinstatement, see [Para. 523D](#)). **The requirements in [Para. 7](#) apply for this notification. \*\*\***



**Example:** An insured with a crop termination date of March 15, 2024, is indebted and enters into a written payment agreement signed and approved by all parties on or before March 15, 2024. The payments are due on the first of each month beginning April 1st. The notification for the June payment was sent May 17th even though the May payment had not yet been received yet. If the May payment wasn't received or postmarked by May 15th, then the insured is in default and the notification for the July payment is not required.

**Exception:** If a written payment agreement was executed and the first payment due date is within 15 calendar days, a notification of payment due is not required for the first payment due date.

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**605 Failure to Make Payments Timely**

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**A. General**

If the insured fails to make any scheduled payment, ineligibility is established effective on the date determined under the applicable policy provisions in effect at the time the written payment agreement was entered.

**Example:** An insured with a crop termination date of March 15, 2024, is indebted and enters into a written payment agreement signed and approved by all parties on or before March 15, 2024. The payments are due on the first of each month beginning April 1. The May 1, 2024, payment is not received. Ineligibility is established on the termination date for the crop year prior to the crop year in which the payment was due (March 15, 2024).

Prior to the defaulted written payment agreement, new Applications for corn and soybeans were accepted for the insured by the SCD for those crops (March 15, 2024). As a result of the default, the corn and soybean policies will be terminated as of their respective termination dates for the prior crop year. Any new Application for a crop will be rejected until the debt is resolved.

For more information on ineligibility effective date and benefits termination, see [Para. 332C](#). For more information on termination, see [Paras. 403, 413, 423, or 433](#) depending on the type of policy being terminated.

**B. Defaulted Written Payment Agreement**

If a person defaults on a payment agreement, an I60 record must be submitted in accordance with [Para. 202](#).

If the person executed the written payment agreement prior to the termination date or due date in the notification, and subsequently defaults on the written payment agreement, the Special Purpose Code of "D" must be used when submitting the I60 record.

## **605** Failure to Make Payments Timely (Continued)

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### **B. Defaulted Written Payment Agreement (Continued)**

If the person executed the written payment agreement after the termination date or due date in the notification, then subsequently defaults on the written payment agreement, an Ineligible Transaction Code of “11” must be used when the eligibility reversal date is submitted using the I60 record.

## **606** Written Payment Agreement and AIP Authorized Reinstatement

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For written payment agreement, the following conditions qualify for AIP Authorized Reinstatement:

- (1) Small Amounts Authority; \*\*\*
- (2) Clearly Transposed Amounts; \*\*\*
- (3) 7-day Transit Period; and \*\*\*
- (4) 15-day Grace Period. \*\*\*

See [Para. 523D](#) for more information.

## **607-610** (Reserved)

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## Section 2: Bankruptcy

### 611 General

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For ineligibility as a result of a delinquent debt, the period of ineligibility will be effective until the debt is paid in full, discharged in bankruptcy, or the person has executed a written payment agreement, if applicable. The debtor may be notified of the amount of debt and ineligibility for crop insurance via the FCIC Notice of Ineligibility.

### 612 Filing of Bankruptcy Petition and Ineligibility Determinations

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#### A. Bankruptcy petition filed on or before the date of delinquency

If the person filed a bankruptcy petition on or before the date of delinquency, then the person will not be determined ineligible, and the AIP must not transmit the person to ITS. The AIP should consult their legal counsel for further guidance.

If an ITS record has been transmitted (either CAT or additional coverage (buy-up)), the AIP must request that the record be deleted and provide a copy of the bankruptcy filing notice with the request to its assigned RMA ITS representative.

**Exception:** For additional coverage (buy-up) policies only, the AIP has the authority to delete the record within the first 7 days of establishment and transmission.

#### B. Bankruptcy petition filed after the date of delinquency

(1) If the person filed a bankruptcy petition after the date of delinquency:

(a) then the person will be determined ineligible as of the termination date or due date contained in the notification; and

(i) The person's information will be transmitted to ITS.

(ii) The filing of bankruptcy does not reinstate eligibility; however, it does prevent the collection of any debts due.

(b) the person will remain on ITS until they provide the AIP an order from the bankruptcy court to incur future debt in accordance with [Para. 506](#) or their debt is discharged in accordance with [Para. 613](#).

**Note:** If the filing occurred after the date of delinquency, but before the AIP has transmitted the record to ITS, then the AIP must transmit the record with the appropriate Ineligible Transaction Code that corresponds with the type of debt owed.

**B. Bankruptcy petition filed after the date of delinquency (Continued)**

**Example:** An insured fails to pay its premium due by the March 15, 2024, termination date. The AIP transmits the insured as ineligible to ITS on April 3, 2024. On March 30, 2024, the insured filed for bankruptcy. The AIP is notified of the bankruptcy filing on April 20, 2024. The insured is ineligible as of March 15, 2024 (since the debt was delinquent prior to the bankruptcy filing date). The insured remains ineligible until the debt is discharged, paid in full, or executes a written payment agreement, if applicable.

(2) To regain eligibility, the person must either pay the debt in full, execute a written payment agreement (if one has not been executed previously), or have the debt discharged in bankruptcy.

**Exception:** A person may obtain a crop insurance policy if the court provides specific written authority for the person to incur future crop insurance debt. Once received, eligibility is reestablished as of the bankruptcy filing date. If the AIP receives notification that the person may incur future debts, then the AIP must also reestablish eligibility in accordance with [Para. 506](#), if applicable.

**Example:** The insured is determined ineligible on March 15, 2024, and submitted to ITS. They filed for bankruptcy on March 30, 2024. On April 26, 2024, the insured provides the AIP a signed judgment from the court that states the insured may incur crop insurance debt as of March 30, 2024, filing date. The insured reestablishes eligibility retroactive to March 30, 2024, filing date. The period of ineligibility is from March 15, 2024, to March 30, 2024. \*\*\*

**Note:** The AIP must transmit the I60 record using the Ineligible Transaction Code of “10” including bankruptcy filing date.

**C. Bankruptcy petition filed for insured with CAT records**

For CAT records established in ITS, the AIP must send a copy of the bankruptcy filing notice to their assigned RMA ITS representative. The RMA ITS representative will update the record to reflect that a bankruptcy has been filed.

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**613 Bankruptcy Discharge**

A bankruptcy discharge releases the debtor from any delinquent crop insurance debt included in the petition, and any associated amendments to the petition. The discharge is a permanent order prohibiting any form of collection action on the discharged debt.

## 613 Bankruptcy Discharge (Continued)

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- (1) If the person filed for bankruptcy on or before the date of delinquency, no action is necessary as they were never determined ineligible.
- (2) If the person filed for bankruptcy after the date of delinquency, once the discharge has been received, the person regains eligibility as of the bankruptcy discharge date, unless eligibility was reestablished earlier pursuant to [Para. 506](#). If eligibility has not yet been reestablished, the AIP must submit an I60 record with an Ineligible Transaction Code of “10” with the discharge date in the bankruptcy field. This ensures that the person is eligible as of the bankruptcy discharge date.
- (3) For CAT records, the AIP must provide its RMA ITS representative a copy of the discharge notice.

## 614 Bankruptcy Dismissal

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### A. Bankruptcy petition filed on or before the date of delinquency

When a bankruptcy is dismissed, the delinquent debt is now collectable. If the person filed for bankruptcy on or before the date of delinquency and the debt was not paid in full, then the person is now ineligible, and the person’s information must be transmitted to ITS.

- (1) If the person filed bankruptcy on or before the date of delinquency and never received a notification of debt (letter described in [Para. 301](#)), then this letter must be sent, and they must be provided the 30 days to pay/review/contest their debt. If they fail to pay the debt on or before the due date in the notification, then the person’s information must be transmitted to ITS.
- (2) If the person filed for bankruptcy on or before the date of delinquency and they had received a notification of debt letter, then this person should be submitted to ITS upon receipt of the dismissal notice.
- (3) The AIP must submit an I60 record with the appropriate Ineligible Transaction Code according to the debt type, with the appropriate ineligibility date based on the original termination date or other due date.

### B. Bankruptcy petition filed after the date of delinquency

If the bankruptcy was filed after the date of delinquency, then the person is now ineligible.

- (1) If the person was made eligible due to a signed judgement from the court to incur future debt, then the person’s ineligibility must be reestablished, and the AIP must submit an I60 record with the Ineligible Transaction Code of “12” and the Dismissal Date in the Eligibility Reversal Date Field.
- (2) If the person did not have a signed judgement to incur future debt, then they are currently listed as ineligible, and the AIP is not required to do anything. See [Part 4](#) for the effective termination dates by insurance plan.

**614** Bankruptcy Dismissal (Continued)

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**C. Bankruptcy dismissal received for insured with CAT records**

For CAT records, the AIP must provide its RMA ITS representative a copy of the dismissal notice.

**615-620** (Reserved)

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## Section 3: Deceased Persons

### 621 General

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The GSH outlines the impact of death on a policy and whether the policy is: canceled; continued and then canceled; or converted, in the case of a spousal policy (see GSH Para. 231 and GSH Exh. 5). This section outlines what potential additional actions may need to be taken with respect to ineligibility for deceased individuals, whether they are a named insured or an SBI.

### 622 Deceased Individuals Ineligible on ITS

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If the deceased individual is currently ineligible on ITS, the AIP must notify RMA via e-mail, including the obituary. RMA will update the ITS record with a status of 16, indicating the individual is deceased. This does not change the individual's ineligibility status.

### 623 Deceased Individuals that Incur Delinquent Debt

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If the deceased individual that passed did so 30 days or less before the cancellation date, or after the cancellation date, their policy is allowed to continue in effect through the CY.

If a delinquent debt occurs on such a policy, the individual must be determined ineligible and submitted to ITS. If there is a successor estate, that entity must also be determined ineligible until the ineligibility is resolved. The AIP must notify RMA via e-mail, including the obituary. RMA will update the ITS record with a status of 16, indicating the individual is deceased. This does not change the individual's ineligibility status.

**Note:** This does not include individual - married (spousal) policies where: the spouse was included on the policy as having an SBI in the named insured; the spouse has a share of the crop; and the named insured's share does not convert to an estate or is not otherwise legally transferred to a person other than a spouse. These policies automatically convert to the name of the surviving spouse.

### 624-700 (Reserved)

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## PART 7: VOIDANCE

### 701 Voiding Policies

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#### A. Criteria

A policy will be voided when:

- (1) the individual is convicted of a controlled substance violation;
- (2) the applicant or insured is a corporation, partnership, joint venture, trust, corporation, limited liability company, **limited liability partnership**, limited partnership, or other similar entity that was created to conceal the interest of an ineligible person or to evade the ineligibility determination of a person with an SBI in the applicant or insured;
- (3) the insured falsely or fraudulently conceals the fact they are ineligible to receive benefits under the ACT;
- (4) the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy; or
- (5) dismissal of a bankruptcy petition before discharge occurs, but only for **2020 CY or prior LGM-Cattle, LRP-Fed, Feeder and Swine**.

**Note:** Dismissal of a bankruptcy petition before discharge occurs will result in termination, not voiding, of the following policies.

- (a) CCIP
- (b) Rainfall Index Plan
- (c) Dairy Revenue Plan
- (d) Crop year 2021 and subsequent LGM-Cattle
- (e) LGM-Swine and Dairy
- (f) Crop year 2021 and subsequent LRP-Fed, Feeder and Swine
- (g) ARPI

#### B. Result

Aside from [Para. 311\(2\)](#), when a policy is voided:

- (1) no indemnities or payments will be paid for the voided policy;
- (2) any indemnities or payments already made for the voided policy will be declared overpayments and must be repaid in full; and



## 701 Voiding Policies (Continued)

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### B. Result (Continued)

- (3) no premiums will be due and any premium paid will be refunded except when the policy is void due to a conviction of a controlled substance violation, in which case the insured will still be required to pay 20 percent of the premium the insured would otherwise be required to pay to offset costs in servicing of the policy.

## 702 Concealment, Misrepresentation, or Fraud

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### A. CCIP, ARPI, WFRP, DRP, LGM-Dairy, and RI

If for the aforementioned policies the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the ACT; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then the policy is void.

### B. LGM-Cattle or Swine

If for the aforementioned policies the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the ACT; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then the policy is void for each insurance period in which the concealment, misrepresentation, or fraud occurred.

### C. LRP-Fed, Feeder and Swine

If for the aforementioned policies the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the ACT; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then the policy, including all SCEs, is void for each crop year in which the concealment, misrepresentation, or fraud occurred.

## 703 Voidance Effective Date

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The voidance effective date depends on the reason the policy is being voided and the type of policy.

### A. Controlled Substance Violation

- (1) Planting, Cultivating, Growing, Producing, Harvesting, or Storing a Controlled Substance.

If the policy is voided because of a conviction for planting, cultivating, growing, producing, harvesting, or storing a controlled substance, then the voidance is effective on the beginning of the crop year in which the individual is convicted.

- (2) Possession of or Trafficking in a Controlled Substance.

If the policy is voided because of a conviction for the possession of or trafficking in of a controlled substance, then voidance is effective beginning the crop year in which the individual is convicted, unless determined otherwise by the court.

**B.     Creating Entity to Conceal or Evade Ineligibility**

When a policy is voided because the applicant or insured is an entity that was created to conceal the interest of an ineligible person or to evade an ineligibility determination of a person with an SBI in the applicant or insure, the voidance effective date is the beginning of the first crop year such entity had a policy.

**C.     Concealment, Misrepresentation, or Fraud**

- (1)     CCIP, ARPI, LGM-Dairy, Swine, **and** Cattle, or RI

If for the aforementioned policies the policy is voided because the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the ACT; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then voidance is effective on the first day of the insurance period for the crop year in which the act occurred.

- (2)     WFRP

If the policy is voided because the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the ACT; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then voidance is effective on the first day of the **insurance period for the policy year** in which the act occurred.

- (3)     LRP-Fed, Feeder and Swine (2020 or prior)

If the policy is voided because the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the ACT; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then voidance is effective on the effective date or dates for the crop year in which the act occurred.

- (4)     DRP and LRP-Fed, Feeder and Swine (2021 and subsequent)

If the policy is voided because the insured falsely or fraudulently conceals the fact that they are ineligible to receive benefits under the ACT; or the insured or anyone assisting the insured conceals or misrepresents any material fact relating to the policy, then voidance will be effective on the first day of the quarterly insurance period or **SCE** for the crop year in which the act occurred.

- (5)     RMA Administrator and AIP Authorized Reinstatement

RMA Administrator and AIP Authorized Reinstatement will not be granted if there is evidence of misrepresentation or fraud. If the RMA Administrator or AIP reinstates the person's policy and RMA or the AIP later discovers evidence of misrepresentation or fraud in the materials presented to the AIP, the person is subject to remedial sanctions in accordance with 7 CFR Part 400, subpart R.

**C. Concealment, Misrepresentation, or Fraud (Continued)**

Additionally, the person's ineligibility will be reinstated retroactive to the original date of ineligibility. Any policy issued subsequent to the granting of administrative reinstatement will be void, and the person will be required to pay 20 percent of the premium that would otherwise be required to pay to offset costs incurred by the AIP in service of the policy(ies). If previously paid, the balance of the premium paid for any new policy will be returned. Voidance of the policy will result in the person having to **repay** all indemnities, replant and prevented planting payments for the crop years in which the voidance was effective.

## EXHIBITS

### **Disclaimer**

Exhibits 4-9 are provided by RMA as a guide for AIPs in the development of the letters and written payment agreements used in debt notification and resolution. Before using them, AIPs must review the letters and written payment agreement in the exhibit to determine if they address the specific situation. They may be modified as necessary, provided all modifications conform to the provisions in 7 CFR Part 400, subpart U, the applicable BP, CP, and the procedures in this handbook.

The letters contained in exhibits 10-17 are to be used exclusively by RMA in the Notice of Ineligibility.



**Exhibit 4**      **Written Request Waiver Letter Example for 15-day Grace Period**

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The following is an example AIPs may use as a guide when developing a written request waiver letter for the 15-day grace authority for written payment agreements.

**(AIP Letterhead)**

Insured Name  
Insured Address  
Insured City, State Zip Code

Re: Policy XXXXXXXX Delinquent Payment & Reinstatement of Coverage for XXXX Crop Year

On XX/XX/XXXX we received a payment in the amount of \$\_\_\_\_\_. The payment was postmarked XX/XX/XXXX. The payment was due XX/XX/XXXX as a part of your written payment agreement.

Under the terms of your Federal Crop Insurance Policy, if a payment is dated and postmarked no more than 15 calendar days after due date in your written payment agreement, you have the option to request reinstatement.

Since the payment was postmarked no more than 15 calendar days after the due date in your written payment agreement, in accordance with the terms of your policy, (AIP Name) is considering the submission of your payment as your written request for reinstatement.

If you do not want your policy to be reinstated and want the policy to be terminated due to the late postmarked payment, then you will need to contact (AIP Name) at XXX-XXX-XXXX to request to terminate coverage.

If you request to terminate coverage you will become ineligible. The Risk Management Agency (RMA) compiles a list of persons who have been found ineligible for program benefits under the Federal Crop Insurance Act (ACT). The ineligible list is used by RMA and all Approved Insurance Providers reinsured by the Federal Crop Insurance Corporation for the purposes of denying crop insurance coverage. Your name will be placed on the ineligible list, future benefits under the ACT will be denied, and any new Application for crop insurance will be rejected if the entire debt amount is not paid or a written payment agreement is not executed by the crop termination date. If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

**Exhibit 5**      **Written Request Waiver Letter Example for 7-day Transit**

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The following is an example AIPs may use as a guide when developing a written request waiver letter for the 7-day transit authority.

**(AIP Letterhead)**

Insured Name  
Insured Address  
Insured City, State Zip Code

Re: Policy XXXXXXXX Delinquent Payment & Reinstatement of Coverage for XXXX Crop Year

On XX/XX/XXXX we received a payment in the amount of \$ \_\_\_\_\_. The payment was postmarked XX/XX/XXXX. The payment was due XX/XX/XXXX.

Under the terms of your Federal Crop Insurance Policy, if a payment is dated timely and postmarked no more than 7 calendar days after the termination date or other applicable due date you have the option to request reinstatement.

Since the payment was postmarked no more than 7 calendar days after the due date, in accordance with the terms of your policy, (AIP Name) is considering the submission of your payment as your written request for reinstatement.

If you do not want your policy to be reinstated and want the policy to be terminated due to the late postmarked payment, then you will need to contact (AIP Name) at XXX-XXX-XXXX to request to terminate coverage.

If you request to terminate coverage you will become ineligible. The Risk Management Agency (RMA) compiles a list of persons who have been found ineligible for program benefits under the Federal Crop Insurance Act (ACT). The ineligible list is used by RMA and all Approved Insurance Providers reinsured by the Federal Crop Insurance Corporation for the purposes of denying crop insurance coverage. Your name will be placed on the ineligible list, future benefits under the ACT will be denied, and any new Application for crop insurance will be rejected if the entire debt amount is not paid or a written payment agreement is not executed by the crop termination date. If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

**Exhibit 6 Notice of Debt and Pre-Termination for Debt, Except Debts of Other Amounts Due**

The following is an example AIPs may use as a guide to provide persons a notice of debt and pre-termination for debts, excluding debts of other amounts due. See exhibit X for an example letter for debt of other amounts due.

**(AIP Letterhead)**

(AIP Name and Address)

Date: MM/DD/YY

Policy Number: XXXXXXX

The enclosed billing states the amount of premium, interest, administrative fees and/or other related charges which are unpaid according to our records. Also included on the billing is the termination date as stated in your policy. **IF YOUR PAYMENT WAS RECENTLY MADE, PLEASE DISREGARD THE REMAINDER OF THIS LETTER.**

You have the right to a complete explanation of this debt, to inspect and copy our records related to the debt, to contest any information in our records pertaining to the debt, and to an administrative review if you believe the debt is not correct. You may enter into a written payment agreement on terms acceptable to you and us if a review of your financial position supports that you are unable to pay the entire debt amount. Send requests for a written payment agreement to the above address. Written payment agreements must be executed on or before the termination date.

Failure to pay the entire debt amount or execute a written payment agreement by the termination date will result in the debt being determined delinquent and termination of your policy. Interest, fees, and other penalties, as applicable, will be assessed according to the terms of your policy. In addition, all your other policies may be terminated in accordance with the terms and conditions of your policy. Further, you will be determined ineligible for benefits under the Federal Crop Insurance Act (ACT). To avoid the debt being determined delinquent the entire debt amount must be received by us or postmarked, or a written payment agreement executed, by the termination date.

The Risk Management Agency (RMA) compiles a list of persons who have been found ineligible for program benefits under the ACT. The ineligible list is used by RMA and all Approved Insurance Providers reinsured by the Federal Crop Insurance Corporation for the purposes of denying crop insurance coverage. Your name will be placed on the ineligible list, future benefits under the ACT will be denied, and any new Application for crop insurance will be rejected if the entire debt amount is not paid or a written payment agreement is not executed by the crop termination date. If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

A request for an administrative review must be in writing, state the basis of your belief the debt is incorrect, and be received within thirty (30) days of the date of this letter. Send the request to the above address.

Requesting an administrative review does not delay, defer, or otherwise change the requirement **that** the entire debt be paid, or a written payment agreement be executed by the termination date, or your name being placed on the ineligible list. An administrative review does not take the place of, or limit your right to, mediation, arbitration, or judicial review, as applicable, according to the terms of your policy.

We appreciate your business and immediate attention to this matter.

CC: Insured's Agent



**Exhibit 7 Notice of Debt and Pre-Termination for Debt of Other Amounts Due**

The following is an example AIPs may use as a guide to provide persons a notice of debt and pre-termination for other amounts due. Other amounts due include but are not limited to: indemnities, prevented planting or replant payments found not to have been earned or that were overpaid; premium billed with a due date after the termination date for the crop year in which premium is earned; and any interest, administrative fees, and penalties on such amounts, if applicable.

**(AIP Letterhead)**

(AIP Name and Address)

Date: MM/DD/YY

We have determined you owe a debt in the amount of \$\_\_\_\_\_ under policy (XXXXXX). The debt results from (provide an explanation of the cause of debt, including any interest or fees included in the total amount due).

Please send your check, draft, or money order for the entire debt amount within thirty (30) days from the date of this letter using the enclosed self-addressed envelope.

You have the right to a complete explanation of this debt, to inspect and copy our records related to the debt, to contest any information in our records pertaining to the debt, and to an administrative review if you believe the debt is not correct. You may enter into a written payment agreement on terms acceptable to you and us if a review of your financial position supports that you are unable to pay the entire debt amount. Send requests for a written payment agreement to the above address.

Failure to pay the entire debt amount or execute a written payment agreement within thirty (30) days from the date of this letter will result in the debt being determined delinquent and termination of your policy. Interest, fees, and other penalties, as applicable, will be assessed according to the terms of your policy. In addition, all your other policies may be terminated in accordance with the terms and conditions of your policy. Further, you will be determined ineligible for benefits under the Federal Crop Insurance Act (ACT). To avoid the debt being determined delinquent the entire debt amount must be received by us or postmarked, or a written payment agreement executed, within thirty (30) days of the date of this letter.

The Risk Management agency (RMA) compiles a list of persons who have been found ineligible for program benefits under the ACT. The ineligible list is used by RMA and all Approved Insurance Providers reinsured by the Federal Crop Insurance Corporation for the purposes of denying crop insurance coverage. Your name will be placed on the ineligible list, future benefits under the ACT will be denied, and any new Application for crop insurance will be rejected if the entire debt is not paid or a written payment agreement is not executed within thirty (30) days from the date of this letter. If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

A request for an administrative review must be in writing, state the basis of your belief the debt is incorrect, and be received within thirty (30) days of the date of this letter. Send the request to the above address.

Requesting an administrative review does not delay, defer, or otherwise change the requirement that the entire debt be paid, or a written payment agreement be executed within thirty (30) days of the date of this letter, or your name being placed on the ineligible list. An administrative review does not take the place of, or limit your right to, mediation, arbitration, or judicial review, as applicable, according to the terms of your policy.

We appreciate your business and immediate attention to this matter.

CC: Insured's Agent

**Exhibit 8**      **Written Payment Agreement**

The following is an example AIPs may use as a guide when developing a written payment agreement.

<b>WRITTEN PAYMENT AGREEMENT (AIP Letterhead)</b>				
MM/DD/YY (AIP NAME)				
I(we), do hereby acknowledge a debt to the (AIP name) under contract for the (YYYY) crop year. In consideration of (AIP NAME) agreeing to forebear immediate collection action, I(we) agree to pay the total sum of \$ <u>5,222.01</u> , which includes interest to be accrued during this agreement. I(we) agree to pay each scheduled payment as shown below, until such indebtedness is paid in full.				
Scheduled Due Dates:	Beginning Balance	Principal	Interest	Amount Due:
03/31/202X	\$5,000.00	\$807.67	\$62.50	\$870.17
04/30/202X	\$4,192.33	\$817.76	\$52.40	\$870.17
05/31/202X	\$3,374.57	\$827.99	\$42.18	\$870.17
06/30/202X	\$2,546.58	\$838.34	\$31.83	\$870.17
07/31/202X	\$1,708.24	\$848.82	\$21.35	\$870.17
08/31/202X	\$859.43	\$859.43	\$10.74	\$870.17
Ending Balance:	\$0			
<p>These payments will be made to (AIP name and address). I(we) may request and will be given a <u>current status</u> of my(our) debt by contacting (AIP NAME) at (XXX) XXX-XXXX.</p> <p>If the AIP processes any indemnity claim while any debt referred to in this agreement is still outstanding, I(we) understand the indemnity will not be paid to me(us) but will be applied as payment against this debt as allowed per Section 2 of your insurance policy.</p> <p>If I(we) fail to make payment on or before, or payment is not postmarked on or before, the scheduled due date, I(we) understand that this agreement will be null and void. If this agreement becomes null and void, I(we) understand that I(we) will be placed on the Ineligible listing for failure to pay by a scheduled due date. I(we) understand that I(we) may be ineligible for certain other USDA program benefits.</p>				
Signature _____		Date _____		
Signature _____		Date _____		
Approved _____ AIP		Date _____		

**Exhibit 9**      **Written Payment Agreement Notification**

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The following is an example AIPs may use as a guide when developing payment agreement notifications.

**(AIP Letterhead)**

Notification Date: MM/DD/YYYY

Insured Name:  
Insured Address:  
Insured City, State Zip-Code

Account #: XXXXXXXX  
Policy #: XXXXXXXX

Below is your remittance coupon for due date 06/30/202X for the written payment agreement that was executed on MM/DD/YYYY.

Please remember, if the payment is not paid on or before, or postmarked on or before the due date, your policy will terminate and ineligibility will be established effective on the date determined under the applicable policy provisions in effect at the time the written payment agreement was entered. You will be ineligible for Federal crop insurance the next crop year for any crop on which the termination date has not passed and on all crops in subsequent crop years until eligibility is regained; and you will be placed on a list of persons ineligible for Federal crop insurance.

Cut remittance coupon on the dotted lines and remit to the address shown.

-----

Payment Due Date: 6/30/202X  
Current Amount Due: \$870.17

AIP Logo  
Account #: XXXXXXXX  
Policy#: XXXXXXXX

Please Remit Payment to:

AIP Name  
AIP Address  
AIP City, State Zip Code

Insured Name  
Insured Address  
Insured City, State Zip Code

The following is a sample letter used by RMA to notify persons determined ineligible for failure to pay a debt.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax Id Number: XXX-XX-XXXX  
RMA Entity ID: XXXXXX

ABC Insurance Company, (555) 555-5555

The above stated Approved Insurance Provider (AIP) notified this office of their determination that you are ineligible to participate in the Federal crop insurance program. The reason stated was your failure to pay the debt associated with your (crop year) crop insurance policy by (MM/DD/YYYY), the date stated in the policy.

**REASON: *(Premium/Overpaid Indemnity)***

The AIP has certified that the debt was not paid by the termination date, or date it was due, that you were notified of the debt and you were given the opportunity to dispute the amount and existence of the debt. Based on the terms of your policy and 7 CFR §400, subpart U, after proper notification and ability to contest the debt, failure to pay these amounts when due renders you ineligible to participate in the Federal crop insurance program.

In accordance with the terms of the policy and 7 CFR §400, subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest. You will remain ineligible to participate from the date the debt was determined to be delinquent until the date eligibility is regained. Once regained, to obtain crop insurance according, you must make new Application for insurance.

Since the determination that you are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of your policy. If you have documentation to show that action taken to include you on the Ineligible Tracking System by the Federal Crop Insurance Corporation was in error, you may appeal in accordance with procedures found at [www.nad.usda.gov](http://www.nad.usda.gov). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

Your ineligibility for Federal crop insurance may cause you to be ineligible for other USDA program benefits.

**Exhibit 11 AIP Debtors Notice of Ineligibility for Partners of Indebted Partnerships**

The following is a sample letter used by RMA to notify a partner of a partnership determined ineligible for failure to pay a debt.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax Id Number: XXX-XX-XXXX  
RMA Entity ID: XXXXXX

ABC Insurance Company, (555) 555-5555

Partnership Name – XYZ Partnership

The above stated Approved Insurance Provider (AIP) notified this office that you are a partner in the above partnership. The AIP determined the partnership is ineligible to participate in the Federal crop insurance program based on failure to pay the following reason associated with the (crop year) crop insurance policy by (MM/DD/YYYY), the due date stated in the policy.

**REASON: (Premium/Overpaid Indemnity)**

The AIP certified that the debt was not paid by the termination date, or date it was due, that the partnership was notified of the debt and the partnership was given the opportunity to dispute the amount and existence of the debt. Based on the terms of the policy and 7 CFR §400, subpart U, after proper notification and ability to contest the debt, failure to pay these amounts when due renders the partnership ineligible to participate in the program. Pursuant to 7 CFR §400, subpart U if the ineligible person is a partnership, all partners will be individually ineligible.

In accordance with the terms of the policy and 7 CFR §400, subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest. You will remain ineligible to participate from the date the debt was determined to be delinquent until the date eligibility is regained. Once regained, to obtain crop insurance, you must make new Application for insurance.

Since the determination that you and the partnership are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of the partnership's policy. If you have documentation to show that action taken to include you on the Ineligible Tracking System by the Federal Crop Insurance Corporation was in error, you may appeal in accordance with procedures found at [www.nad.usda.gov](http://www.nad.usda.gov). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

Your ineligibility for Federal crop insurance may cause you to be ineligible for other USDA program benefits.

**Exhibit 12 AIP Debtors Notice of Ineligibility for Spouse of Indebted Individual**

The following is a sample letter used by RMA to notify a partner of a partnership determined ineligible for failure to pay a debt.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax Id Number: XXX-XX-XXXX  
RMA Entity ID: XXXXXX

ABC Insurance Company, (555) 555-5555

The above stated Approved Insurance Provider (AIP) notified our office that you are ineligible to participate in the Federal crop insurance program. The reason stated was the failure of your spouse to pay the following reason associated with a (crop Year) crop insurance policy, by the due date stated in the policy.

**REASON: (*Premium/Overpaid Indemnity*)**

The AIP certified that the debt was not paid by the termination date, or due date, that notification of the debt was provided to your spouse, that your spouse was provided the opportunity to dispute the amount and existence of the debt, and you were provided an opportunity to contest that you and your spouse should be considered the same individual pursuant to 7 CFR § 400, subpart U. Based on the terms of the policy and 7 CFR §400, subpart U, after proper notification and opportunity to contest the debt, failure to pay these amounts when due renders you and your spouse ineligible to participate in any program authorized by the Federal Crop Insurance Act, as amended.

According to the terms of the policy and 7 CFR §400, subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest and you will remain ineligible to participate in the Federal crop insurance program from the date the debt was determined to be delinquent until the date eligibility is regained. Once regained, to obtain crop insurance, you must make new Application for insurance.

Since the determination that you and your spouse are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of your policy. If you have documentation showing that action taken to include you on the Ineligible Tracking System by the Federal Crop Insurance Corporation was in error, you may appeal in accordance with procedures found at [www.nad.usda.gov](http://www.nad.usda.gov). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

Your ineligibility for Federal crop insurance may cause you to be ineligible for other USDA program benefits.

**Exhibit 13 Notice of Ineligibility for Controlled Substance Violation**

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The following is a sample letter used by RMA to notify persons of ineligibility because of a conviction of a controlled substance violation. RMA may modify the letter to address specific situations.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax Id Number: XXX-XX-XXXX

This office has been notified that you have been convicted of a controlled substance violation that renders you ineligible for any program benefits under the Federal Crop Insurance Act (Act). On that basis, you will be ineligible for program benefits under the Act for ((crop year of conviction and the succeeding four crop years) or (time period determined by the court)).

If you are not the person that has been convicted of a controlled substance violation, you may appeal your ineligibility status according to procedures found at [www.nad.usda.gov](http://www.nad.usda.gov). A request for appeal must be in writing and made to the National Appeals Division Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Once eligibility is regained, you must submit a new Application to obtain crop insurance according to 7 CFR § 400.685.

Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

**Exhibit 14** Notice of Ineligibility for Disqualification, Suspension, or Debarment

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The following is a sample letter used by RMA to notify persons of ineligibility because of disqualification, suspension, and debarment. RMA may modify the letter to address specific situations.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax Id Number: XXX-XX-XXXX

This office has been notified that you have been disqualified/debarred/suspended under (specify Section of the Act or regulation). On this basis, you will be ineligible for any program benefits under the Act from (date) through (date).

If you are not the person that has been disqualified/debarred/suspended, you may appeal your ineligible status according to procedures found at [www.nad.usda.gov](http://www.nad.usda.gov). A request for appeal must be in writing and made to the National Appeals Division Regional Office, within 30 days of your receipt of this notification. Their address is (NAD Regional Office address).

If you have a substantial beneficial interest in an insured person, the premium and coverage for the person will be reduced by the amount of your share in the person. Once eligibility is regained, you must submit a new Application to obtain crop insurance according to 7 CFR § 400.685.

Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.



The following is a sample FCIC debtors notice of ineligibility used by FCIC.

(USDA/RMA/FCIC Letterhead)

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Policy Number: XXXXXXX  
Crop Year: 202X  
Tax ID: XXXXXXXXXX  
RMA Entity ID: XXXXXXX

ABC Insurance Company, (555) 555-5555

The above stated approved insurance provider (AIP) notified this office of their determination that you have incurred a debt associated with unpaid catastrophic risk protection (CAT) administrative fees on a crop insurance policy reinsured under the Federal Crop Insurance Act, as amended. The AIP certified that the debt remains unpaid and you were given the opportunity to dispute the amount and existence of the debt. Based on the terms of your policy and 7 CFR §400, subpart U, after proper notification and ability to contest the debt, failure to pay these amounts by the termination date renders you ineligible to participate in the Federal crop insurance program. If you have questions regarding the validity of these fees due or previous payments made regarding these fees (before the crop termination date), please contact the AIP above.

Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits. According to the terms of the policy and 7 CFR §400, subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest and you will remain ineligible to participate in the Federal crop insurance program from the date the debt was determined to be delinquent until the date the debt is satisfied and eligibility is regained. Once regained, you must make a new Application for insurance to obtain crop insurance.

The collection of your CAT administrative fees has transferred to the Federal Crop Insurance Corporation (FCIC). Other amounts due (i.e., premium, overpaid indemnity) are payable to the AIP. To pay your CAT administrative fee of \$\_\_\_\_\_, please make payment using the method most convenient to you:

- (1) Remit payment by check or money order made payable to "Federal Crop Insurance Corporation" in the enclosed, self-addressed envelope,
- (2) Use your debit card (no credit) to pay online at <https://pay.gov/public/form/start/441461227>, use your RMA Entity ID: XXXXXXX or,
- (3) Make a payment by calling the Risk Management Agency at 816-926-7299.

If the debt is not paid in full within 30 days of the date of this letter, please contact the Risk Management Agency at 816-926-7299 for an updated balance due. Interest accrues the first of each month. **Please include your RMA Entity ID on the check or money order. DO NOT SEND CATASTROPHIC ADMINISTRATIVE FEE PAYMENTS TO (AIP name) OR YOUR AGENT.**

You may appeal your ineligibility within 30 days of your receipt of this notification according to procedures found at [www.nad.usda.gov](http://www.nad.usda.gov). A request for appeal must be in writing and made to: National Appeals Division (NAD) Regional Office, P.O. Box 68806, Indianapolis, IN, 46268-0806.

Sincerely,

Branch, Chief  
Financial Oversight and Debt Management Branch

**Exhibit 15 FCIC Debtors Notice of Ineligibility (Continued)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
RMA Entity ID: XXXXXX

Insurance Provider: XXXXXX  
Insurance Provider Phone#: (XXX) XXX-XXXX

Principal: \$XXX.XX  
Accrued Interest: \$XX.XX  
Total Debt Due: \$XXX.XX

Details:

Policy Number	Reins Year	Crop Year	Crop Code	Crop Name	County Name	Unpaid Principal	Interest Amount
XXXXXXXX	20XX	20XX	XXXX			\$XXX.XX	\$XX.XX

**Notice to Customers Making Payment by Check**

When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

*Privacy Act* - A Privacy Act Statement required by 5 U.S.C. § 552a(e)(3) stating our authority for soliciting and collecting the information from your check, and explaining the purposes and routine uses which will be made of your check information, is available from our internet site at (<https://www.fms.treas.gov/otcnet/index.html>), or call toll free at (1-866-945-7920) to obtain a copy by mail.

Interest will continue to accrue at an annual rate of 15% until balance is paid in full.

**RECOMMENDED PAYMENT OPTION**

To expedite the payment process, we recommend the following payment methods. This will ensure prompt processing of your transaction.

**ONLINE:** Make an electronic payment at the following secure website:  
<https://pay.gov/public/form/start/441461227>  
Complete the required form using your RMA Entity ID: XXXXXX.

**ADDITIONAL PAYMENT OPTIONS**

**PHONE:** Make a payment by calling the Risk Management Agency at 816-926-7299.

**MAIL:** Mail payment (check, money order or cashier's check).  
Make payable to "FEDERAL CROP INSURANCE CORPORATION" and mail with the following page to:

Risk Management Agency/Federal Crop Insurance Corporation  
PAAD/FAOB – STOP 0814  
PO Box 419205  
Kansas City, MO 64141-6205

RETAIN OTHER PAGES FOR YOUR RECORDS	
SUBMIT THIS PAGE WITH PAYMENT	
I Was Insured 123 Any Street City, State, XXXXX-XXXX	Date: MM/DD/YYYY RMA Entity ID: XXXXXX  Total Debt Due: \$XXX.XX  Amount Enclosed: <span style="border: 1px solid black; padding: 2px 10px;">\$</span>

SAMPLE

The following is a sample letter used by RMA to notify partners of ineligible partnerships for failure to pay CAT administration fees.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax Id Number: XXX-XX-XXXX

ABC Insurance Company, (555) 555-5555

The above stated Approved Insurance Provider (AIP) notified this office that you are a partner in the partnership of (name of partnership). The AIP determined the partnership is ineligible to participate in the Federal crop insurance program based on failure to pay catastrophic risk protection (CAT) administrative fees associated with the crop insurance policy by \_\_\_\_\_, the termination date as stated in the policy. A notification letter detailing the amount of administrative fees due, accrual of interest, and applicable collection procedures has been mailed to the partnership.

The AIP certified that the debt was not paid by the termination date, that the partnership was notified of the debt and the partnership was given the opportunity to dispute the amount and existence of the debt. Based on the terms of the policy and 7 CFR §400, subpart U, after proper notification and ability to contest the debt, failure to pay these amounts when due renders the partnership ineligible to participate in the program. Pursuant to 7 CFR § 400.684, if the ineligible person is a partnership, all partners will be individually ineligible. If you have questions regarding the validity of these fees due us or previous payments made regarding these fees before the stated crop termination date, please contact the above AIP.

According to the terms of the policy and 7 CFR § 400.681(b), this determination will affect all insurable crops on all farming operations in which you have substantial beneficial interest and you will remain ineligible to participate in the Federal crop insurance program from the date the debt was determined to be delinquent until the date eligibility is regained according to 7 CFR § 400.683. Once eligibility is regained you must submit a new Application to obtain crop insurance according to 7 CFR § 400.685.

Since the determination that you and the partnership are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP according to the terms of your policy. If you have documentation to show that action taken to include you or the partnership on the Ineligible Tracking System (ITS) by the Risk Management Agency (RMA) was in error, you may appeal the placement on ITS by RMA according to procedures found at [www.nad.usda.gov](http://www.nad.usda.gov). A request for appeal must be in writing and made to the National Appeals Division (NAD) Regional Office, within 30 days upon receipt of this notification. Their address is (NAD Regional Office Address). Your ineligibility for Federal crop insurance may cause you to be ineligible for certain other USDA program benefits.

The following is a sample letter used by RMA to notify partners of ineligible partnerships for failure to pay CAT administration fees.

**(USDA/RMA/FCIC Letterhead)**

I. Was Insured  
123 Any Street  
City, State XXXXX-XXXX

Date: MM/DD/YYYY  
Tax Id Number: XXX-XX-XXXX  
RMA Entity ID: XXXXXX

ABC Insurance Company, (555) 555-5555

The above stated approved insurance provider (AIP) notified our office that you are ineligible to participate in the Federal crop insurance program. The reason stated was the failure of your spouse to pay catastrophic risk protection (CAT) administrative fees on a (crop year) crop insurance policy reinsured under the Federal Crop Insurance Act, as amended, by the due date stated in the policy. A notification letter detailing the amount of administrative fees due, accrual of interest, and applicable collection procedures has been mailed to your spouse.

The AIP has certified that the debt was not paid by the termination date, or due date, that notification of the debt was provided to your spouse, that your spouse was provided the opportunity to dispute the amount and existence of the debt, and you were provided an opportunity to contest that you and your spouse should be considered the same individual pursuant to 7 CFR § 400, subpart U. Based on the terms of the policy and 7 CFR §400, subpart U, after proper notification and opportunity to contest the debt, failure to pay these amounts when due renders you and your spouse ineligible to participate in any program authorized by the Federal Crop Insurance Act, as amended. If you have questions regarding the validity of these fees due or previous payments made regarding these fees (before the stated crop termination date), please contact the AIP.

Your ineligibility for Federal crop insurance may cause you to be ineligible for other USDA program benefits. According to the terms of the policy and 7 CFR §400 subpart U, this determination will affect all insurable crops on all farming operations in which you have a substantial beneficial interest and you will remain ineligible to participate in the Federal crop insurance program from the date the debt was determined to be delinquent until the date the debt is satisfied and eligibility is regained. Once regained, you must make new Application for insurance to obtain crop insurance.

Since the determination that you and your spouse are ineligible was made by the AIP, any dispute regarding the indebtedness must be made with the AIP in accordance with the terms of your policy. You may appeal your ineligibility within 30 days of your receipt of this notification according to procedures found at <https://www.nad.usda.gov/>. A request for appeal must be in writing and made to National Appeals Division (NAD) Regional Office (NAD Regional Office Address).