

For: State and County Offices

Filing AD-1026 for FCIC Premium Subsidy After June 1, 2015

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

A person or legal entity must have AD-1026 on file with FSA by June 1, 2015, before the beginning of the 2016 reinsurance year (July 1, 2015). The failure of a person or legal entity to file AD-1026 with FSA by June 1, 2015, will result in ineligibility of the person or legal entity for premium subsidy for the entirety of that reinsurance year.

A person or legal entity will have until the first applicable crop insurance sales closing date to provide information necessary for the filing of AD-1026 if the person or legal entity:

- is unable to file AD-1026 by June 1, 2015, because of circumstances beyond the person’s or legal entity’s control, as determined by FSA
- files AD-1026 by June 1, 2015, in good faith and FSA subsequently determines that additional information is needed and where the person or legal entity is unable to respond and comply with additional information by July 1, 2015, because of circumstances beyond the person’s or legal entity’s control, as determined by FSA.

RMA has provided specific situations that producers can certify that they meet to be exempted from filing AD-1026 for an applicable reinsurance year.

Notices CP-707 and CP-708 were issued and contained instructions for FSA offices about persons or legal entities filing AD-1026 for conservation compliance for FCIC.

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1 Overview (Continued)

B Purpose

This notice advises State and County Offices of policy about producer certifications to RMA for exemptions to certification of conservation compliance for a given reinsurance year.

For all those not having an exemption, as discussed in this notice, this notice provides information and guidance about FSA determinations on those persons or legal entities that:

- fail to timely file AD-1026 by June 1, 2015
- filed a timely AD-1026, but with inadequate information.

2 FSA Determinations and Considerations

A Relief Considerations for Timely Filed if AD-1026 Is Filed After June 1, 2015

AD-1026 with signature of a person or legal entity in AD-1026, item 10, and delivered by or U.S. postmarked by June 1, 2015, will be considered filed by June 1, 2015.

A person or legal entity that files AD-1026 after June 1, 2015, must submit, together with the late-filed AD-1026, a written explanation for the late filing.

Relief can be granted for a late-filed AD-1026 that was filed late for reasons beyond the person's or legal entity's control if an adequate explanation for the late filing, as determined by DAFP, and if AD-1026 is filed no later than the first sales closing date for the insured in the reinsurance year. If the late-filed AD-1026 is filed after June 1, 2015, and also after the sales closing date for the first crop of the person or legal entity in the reinsurance year, FSA will make no relief determination whatsoever to the person or legal entity. RMA will verify the eligibility for subsidy based on the date of filing AD-1026 and if relief is applicable (within the first sales closing date).

The documentation provided with the late-filed AD-1026 must discuss and support the reasons for the person's or legal entity's late filing of AD-1026. Only cases with reasonable extenuating circumstances shall be submitted for consideration of relief. Documentation must also include the person's or legal entity's first applicable sales closing date for reinsurance year 2016. It is the responsibility of the person or legal entity requesting relief to provide this supporting sales closing date information of applicable county, crop, and sales closing date. Relief will not be considered without this supporting information.

Example: A person may have been unable to file AD-1026 because of an unforeseen, unplanned, and unavoidable hospital stay. Other circumstances include, but are not limited to, a U.S. servicemen or servicewomen obligation that helped delay timely filing of AD-1026, death of family member, adverse weather, or other circumstance that made it difficult for the person or legal entity to timely file AD-1026.

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2 FSA Determinations and Considerations (Continued)

A Relief Considerations for Timely Filed if AD-1026 Is Filed After June 1, 2015 (Continued)

All relief requests shall be submitted to DAFP by the applicable State Office electronically, as instructed in 7-CP, paragraph 4. Additional information in 7-CP, subparagraph 4 C specific to these relief cases are as follows:

- responding division is “PECD”
- type of action requested is “CC” for conservation compliance
- FSA-321 (not applicable)
- COC or STC concurrence or approval is not applicable.

B Relief Not Granted or Considered

Persons and legal entities outside the relief window, and those that wish to certify to conservation compliance for FCIC after June 1, 2015, without extenuating circumstances, shall be allowed to file AD-1026 with the applicable certification date. FSA will merely report to RMA the actual date of filing AD-1026. RMA will in turn issue its own decisions on crop insurance eligibility. FSA has no part in those decisions.

C Timely Filed But Additional Information Is Needed

A person or legal entity that timely files AD-1026, but with missing, incomplete, or inaccurate information, preventing the loading of the certification, will be granted additional time up to the first applicable sales closing date for any insured crop of the person or legal entity in the reinsurance year to provide required information to get their AD-1026 updated. Relief is **not** required for these situations. County Offices will work with these Federal crop insurance clients to get required information.

Situations that do **not** require relief but only additional information filed by the deadline of the first sales closing date for any insured crop under these circumstances, include the following:

- inadequate documentation of “affiliates” in AD-1026, item 4

Note: FSA has no responsibility for knowing affiliates of persons or legal entities. Inadequate documentation can include requests for corrections because of listing Substantial Beneficial Interests (SBI’s) as affiliates or requests to add affiliates. If there are **not** any affiliates, AD-1026, item 4 should be identified with “None”.

- filing AD-1026 of “affiliates” listed in AD-1026, item 4
- providing full address and TIN needed for the web-based subsidiary eligibility record

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2 FSA Determinations and Considerations (Continued)

C Timely Filed But Additional Information Is Needed (Continued)

- persons and legal entities that filed AD-1026, but under a different TIN (SSN or employee identification number) than used by RMA for Federally reinsured crop insurance, and qualify for entity exemptions in Notice CP-707, subparagraph 4 C, and Notice CP-708, paragraph 2

Example: A married couple received all FSA benefits under Spouse A and had AD-1026 on file. However, Spouse B insured the crop with RMA. An FSA employee inadvertently told the couple that Spouse B did **not** need to file because Spouse A has already filed AD-1026. As it stands, Spouse B would **not** qualify for the reinsured crop insurance premium subsidy because Spouse B did **not** have AD-1026 on file. If Spouse B files a late-filed AD-1026 after June 1, 2015, and by the first sales closing date for any of Spouse B’s insured crops in the reinsurance year, FSA and RMA shall consider this as timely filed (June 1, 2015, certification date).

- providing AD-1026, but failing to check appropriate boxes in AD-1026, item 5, 6, or 7
- entities formed for sugar beet cooperatives as noted in Notice CP-708, because of late notice in providing filing instructions for these situations

Note: They must certify to compliance as of June 1, 2015.

- correcting and updating records with FSA or RMA for mismatched entities.

Note: BIA allotments are exempt from correcting mismatched entities. RMA underwriters are looking into some long-term solutions to the BIA issues that go beyond conservation compliance.

Applicable sales closing dates for crops grown in the county can be found at www.rma.usda.gov.

Step	Action
1	CLICK “Information Browser” under “Popular Topics”.
2	CLICK “Actuarial Information Browser, 2011 Reinsurance Year and beyond”.
3	CLICK “Reinsurance Year 2016”. Note: 2016 sales closing dates may not yet be available for all crops. If not, use 2015 and add 1 year.
4	Select applicable commodity, insurance plan, State, and county. CLICK “View Report”.
5	CLICK “Dates” to generate applicable dates including sales closing dates. Note: The sales closing date tool is for informational purposes to help County Offices determine timelines. It is the person’s or legal entities’ responsibility to determine their first applicable closing date for reinsurance year 2016.

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3 Entering Persons and Entities Into Web-Based Subsidiary Eligibility After June 1

A Filing AD-1026 for NRCS and FSA Benefits

The June 1, 2015, filing deadline for AD-1026 is unique to FCIC. Persons who file AD-1026 for FSA and NRCS purposes will be permitted to continue to file after June 1, 2015, even if they are a crop insurance participant. However, the AD-1026 certification date must be entered into the web-based subsidiary eligibility, as applicable.

B Filing AD-1026 for FCIC Granted Relief After June 1

All persons granted relief are certifying to compliance as of June 1, 2015. The certification date shall be entered into web-based subsidiary eligibility as **June 1, 2015. It is important to enter the date as June 1, 2015, to communicate eligibility to RMA.**

C Certifying AD-1026 for Timely Filed With Inadequate Information

As instructed in Notice CP-707, all those that filed AD-1026 for FCIC and listed “affiliates” by June 1, 2015, but all those “affiliates” did not file AD-1026, were to be entered into the subsidiary/eligibility record as “Awaiting Affiliate Certification”. RMA will identify the first applicable sales closing dates for persons and entities with this record based off of their 2015 insured crops. This information will be relayed to State Offices that will work with County Offices to assist these producers’ affiliates with filing AD-1026 by this sales closing date for reinsurance year 2016.

Those persons and entities that become “Certified” for AD-1026 after affiliate certification, and all other situations outlined in subparagraph 2 C, will be entered into the subsidiary/eligibility with the applicable certification date when originally filed.

Example: Producer A filed AD-1026 on May 1, 2015, and listed an affiliate that filed on June 4, 2015. The certification date is May 1, 2015.

A spreadsheet will be provided to all State program specialists tasked with conservation compliance for entry of name (entity or person), address, TIN, reason for timely filed with inadequate information, and certification date entered into the web-based subsidiary eligibility. Timing, frequency of submission, and where to submit the spreadsheet to the National Office for all persons and entities granted relief, for each applicable State, will be included with the spreadsheet.

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4 RMA Exemptions for Certification to Conservation Compliance

A Purpose of RMA Exemptions

RMA has developed certifications that will exempt persons and entities from conservation compliance on any given reinsurance year. These certifications will be passed from crop insurance agents on to Approved Insurance Providers that will in turn work with RMA in getting exemptions granted. The exemptions in this paragraph are provided to FSA for informational purposes as FSA records may need review for verification of these certifications.

B New Producer Exemption

“By signing below, I certify that:

- (1) I (name of individual or name of entity), hereafter referred to as the policyholder, began farming for the first time on (month and day), 20__;*
- (2) The policyholder, if an individual, had no interest, as an individual or entity, in any land or commodity subject to the Highly Erodible Land Conservation (HELC) or Wetland Conservation (WC) provisions prior to the date contained in paragraph (1);*
- (3) The policyholder, if an entity, has no substantial beneficial interest, as defined in section 1 of the Common Crop Insurance Policy Basic Provisions (7 C.F.R. § 457.8), that farmed prior to the date contained in paragraph (1);*
- (4) The policyholder had no substantial beneficial interest, as defined in 7 CFR Part 400, in any person who was subject to the HELC or WC provisions prior to the date contained in paragraph (1);*
- (5) The policyholder understands the Risk Management Agency and the Farm Service Agency may review historical records to determine prior participation in any USDA program or prior interest in any land, crop or person that was subject to the HELC or WC provisions;*
- (6) The policyholder understands that if this certification is determined to be false, the policyholder will be subject to sanctions under the policy, including but not limited to voidance of the policy, and the policyholder may be subject to criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable Federal statutes).”*

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4 RMA Exemptions for Certification to Conservation Compliance (Continued)

C New Entity Exemption

“By signing below, I, (name of individual), on behalf of (name of entity), hereafter referred to as the policyholder, certify that:

(1) At least one substantial beneficial interest, as defined in section 1 of the Common Crop Insurance Policy Basic Provisions (7 C.F.R. § 457.8) in the entity has farmed prior to signing this certification;

(2) The policyholder began farming for the first time on (month and day), 20__;

(3) The policyholder was organized as an entity such as a joint venture, partnership, corporation, etc., for legitimate business reasons such that its assets and liabilities generate economic value regardless of USDA program benefits, and not to avoid legal mandates regarding USDA program benefits including, but not limited to, Highly Erodible Land Conservation (HELC) or Wetland Conservation (WC) provisions;

(4) The policyholder understands the Risk Management Agency and the Farm Service Agency may review historical records to determine prior participation in any USDA program or prior interest in any land, crop or person that was subject to the HELC or WC provisions; and

(5) The policyholder understands that if this certification is determined to be false, the policyholder will be subject to sanctions under the policy(s), including but not limited to voidance of the policy(s), and the policyholder may be subject to criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable Federal statutes).

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4 RMA Exemptions for Certification to Conservation Compliance (Continued)

D New to Insurance Exemption

“By signing below, I certify that:

- (1) I (name of individual or name of entity), hereafter referred to as the policyholder, have never participated in any USDA benefit program(s) subject to the Highly Erodible Land Conservation (HELC) or Wetland Conservation (WC) provisions;*
- (2) The policyholder has not participated in the Federal crop insurance program in the 2015, or subsequent reinsurance years as applicable;*
- (3) The policyholder, if an individual, had no prior interest, as an individual or entity, in any land or commodity subject to the HELC or WC provisions;*
- (4) The policyholder, has no SBIs who participated in the Federal crop insurance program in the 2015 or subsequent reinsurance years or in any other USDA benefit program(s) subject to the HELC or WC provisions prior to signing this certification;*
- (5) The policyholder had no substantial beneficial interest, as defined in section 1 of the Common Crop Insurance Policy Basic Provisions (7 C.F.R. § 457.8), in any person who participated in Federal crop insurance in the 2015 or subsequent reinsurance years, or who was subject to the HELC or WC provisions prior to signing this certification;*
- (6) The policyholder has not received notification from the Risk Management Agency or the Farm Service Agency that form AD-1026 may not be on file with USDA certifying compliance with the highly erodible land conservation HELC and WC provisions.*
- (7) The policyholder understands the Risk Management Agency and the Farm Service Agency may review historical records to determine prior participation in any USDA program(s), including Federal crop insurance, or prior interest in any land, crop or person who participated in federal crop insurance or who was subject to the HELC or WC provisions;*
- (8) The policyholder understands that if this certification is determined to be false, the policyholder will be subject to sanctions under the policy, including but not limited to voidance of the policy, and the policyholder may be subject to criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable Federal statutes).”*

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5 Action

A State Office Action

State Offices will:

- ensure that County Offices are aware of the contents of this notice
- follow provided instructions for relief of timely filed AD-1026 for FCIC
- assist County Offices in getting AD-1026's filed for FCIC with inadequate information "Certified" by applicable sales closing dates.

B County Office Action

County Offices will:

- review the contents of this notice
- follow provided instructions for relief of timely filed AD-1026 for FCIC
- assist persons and entities to become "Certified" for AD-1026 when granted relief and timely filed with inadequate information.