

For: State and County Offices

1999 and 2000 Linkage Noncompliance Reports

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

2-DAP, paragraph 8 outlines the crop insurance linkage requirements for 1999 Crop Disaster Program (CDP) participants. Producers who elected not to purchase crop insurance on a crop in 1999 for which CDP payments were received were required to purchase crop insurance on that crop for the 2000 and 2001 crop years.

3-DAP, paragraph 15 outlines the crop insurance linkage requirements for 1999 Quality Loss Program for Apples and Potatoes (QLP-AP), 2000 CDP, Quality Loss Program (QLP), and QLP-AP participants. Producers who elected not to purchase crop insurance on a crop in 2000 for which disaster benefits were received were required to purchase crop insurance on that crop for the 2001 and 2002 crop years.

These linkage requirements apply to the producer's interest in all counties regardless of where the benefits were obtained.

The software to print the Linkage Noncompliance Reports is included in County Release No. 494. The 1999 Linkage Noncompliance Report will automatically generate a list of producers:

- who received a 1999 CDP payment on an uninsured crop
- for whom RMA has no record of a 2001 crop insurance policy being purchased on the crop receiving a CDP benefit.

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Disposal Date April 1, 2003	Distribution State Offices; State Offices relay to County Offices
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1 Overview (Continued)

A

Background (Continued)

The 2000 Linkage Noncompliance Report will automatically generate a list of producers:

- who received a 1999 QLP-AP, 2000 CDP, QLP, and/or QLP-AP payment on an uninsured crop
- for whom RMA has no record of a 2001 crop insurance policy being purchased on the crop receiving a disaster benefit.

Note: The reports will serve as a basis for disaster linkage compliance verification.

B

Purpose

This notice provides instructions for using the Linkage Noncompliance Reports as a basis for compliance determinations.

2 County Office Action

A

Reviewing Report for Potential Violations

County Offices shall review the list of producers on the Linkage Noncompliance Reports and notate those producers readily identifiable as being in compliance.

A producer may appear on the report, but may be in compliance with the linkage requirements if any of the following apply:

- producer did not plant the listed insurable crop during the 2001 crop year for:
 - 1999 CDP
 - 1999 QLP-AP
 - 2000 CDP
 - QLP
 - QLP-AP
 - producer has already paid liquidated damages to the County Office
 - at the time the producer applied for disaster benefits, the crop insurance sales closing date for 2001 had passed for the specific crop
-

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2 County Office Action (Continued)

A

Reviewing Report for Potential Violations (Continued)

- producer is no longer farming
 - producer is no longer farming as the entity listed on the report.
-

B

Mailing Notification Letter to Producers on Report

Using the Linkage Noncompliance Reports as a basis, mail each producer a notification letter informing them of their crop insurance requirements and the lack of an RMA record indicating insurance was purchased for the 2001 crop year. Use the suggested format in Exhibit 1 or 2.

The notification letter shall be mailed by October 11, 2002.

C

Follow Up

After 30 calendar days, the County Office shall follow up the notification letter with a demand letter listing the liquidated amount being assessed. A demand letter shall be sent to those producers who have not responded to the initial notification letter.

For 1999 CDP, the amount of liquidated damages to be assessed in the demand letter will be the lesser of the disaster payment or 1 of the following:

- \$120 if there is 1 insurable crop in the county
- \$240 if there are 2 insurable crops in the county
- \$360 if there are 3 insurable crops in the county
- \$400 if there are 4 or more insurable crops in the county.

Note: Liquidated damages are not to exceed \$400 per county for single county and \$1,200 for multi-county.

Refer to the insurable crop table printed out according to 2-DAP, paragraph 228 to determine the insurable crops in the county.

For 1999 QLP-AP, 2000 CDP, QLP, and QLP-AP, the amount of liquidated damages to be assessed in the demand letter will be the lesser of the disaster payment or \$200 per crop.

Note: The total amount of liquidated damages assessed cannot exceed the disaster payment.

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2 County Office Action (Continued)

C

Follow Up (Continued)

Refer to the insurable crop table printed out according to 3-DAP, paragraph 228 to determine the insurable crops in the county.

The initial assessment may be reduced if the producer provides evidence to COC's satisfaction indicating that any of the crops for which the producer is being assessed were not planted during the 2001 crop year.

1999 Example: A producer may initially be assessed \$400 because a 1999 CDP payment was received on 4 insurable crops in the county. The producer indicates only 1 insurable crop was actually planted in 2001 and the claim is verified with a previously filed acreage report. COC may reduce the liquidated damage amount to \$120.

2000 Example: A producer may initially be assessed \$600 because a QLP payment was received on 3 insurable crops in the county. The producer indicates only 1 insurable crop was actually planted in 2001 and the claim is verified with a previously filed acreage report. COC may reduce the liquidated damage amount to \$200.

D

Establishing a Claim

Follow 58-FI to establish a claim for the linkage liquidated damage assessment.

3 Printing the Linkage Noncompliance Reports

A

Initial Download of Reports

The software to print the Linkage Noncompliance Reports was included in County Release No. 494.

The actual data for the report will be transmitted from KC-ITSDO, with County Offices receiving the data during start-of-day on the following day. The reports **will not** be generated until County Release No. 485 has been installed.

The reports identify the producers who received 1999 and/or 2000 disaster benefits, but RMA has no record of an insurance policy being purchased by the producer for 2001. The report lists the following:

- producer ID number
- producer name
- crop
- dollar amount received.

RMA made the determination to which county the producer should be downloaded based on the CDP payment history files; therefore, a record will be downloaded to each County Office for the program, 1999 CDP, 1999 QLP-AP, 2000 CDP, QLP, and/or 2000 QLP-AP that the producer received a payment.

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3 Printing the Linkage Noncompliance Reports (Continued)

B

Reprinting the 1999 Linkage Noncompliance Report

The 1999 Linkage Noncompliance Report can be reprinted, if necessary, from Crop Disaster Program Reports Menu MHADR0. Follow these steps to reprint the report.

Step	Menu	Action
1	FAX250	ENTER "3" or "4", "Application Processing", as applicable, and PRESS "Enter".
2	FAX09002	Enter the appropriate county, if applicable, and PRESS "Enter".
3	FAX07001	ENTER "11", "PFC/Compliance", and PRESS "Enter".
4	M00000	ENTER "1", "NAP and Disaster", and PRESS "Enter".
5	MH0000	ENTER "1", "Crop Disaster Program", and PRESS "Enter".
6	MHA0YR	ENTER "1", "1999 Crop Year", and PRESS "Enter".
7	MHAX00	ENTER "1", "Crop Disaster Program Selection Menu", and PRESS "Enter".
8	MHAD00	ENTER "2", "Reports", and PRESS "Enter".
9	MHADR0	ENTER "9", "Linkage Noncompliance Report", and PRESS "Enter".
10	MHADRL	ENTER "2", "2001 Linkage Report", and PRESS "Enter".
11	MHADPS01	Enter the printer ID and PRESS "Enter" to generate the report.

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3 Printing the Linkage Noncompliance Reports (Continued)

C

Example of 1999 Linkage Noncompliance Report The following is an example of the 1999 Linkage Noncompliance Report.

North Dakota	USDA-FSA	Prepared: 05-01-2002
A RANSOM	1999 Linkage Noncompliance Report	
Report ID: MHADR4-R001		Page: 1
<p>This report lists the producers who received 1999 Uninsured CDP Payments. These producers were required to purchase crop insurance in 2001; however, RMA has no record of an insurance policy being purchased.</p>		
<u>Producer ID</u>	<u>Producer Name</u>	<u>Dollar Amount Received</u>
123456789	John Smith	500.00

D

Reprinting the 2000 Linkage Noncompliance Report The 2000 Linkage Noncompliance Report can be reprinted, if necessary, from Crop Disaster Program Reports Menu MHADR0. Follow these steps to reprint the report.

Step	Menu	Action
1	FAX250	ENTER "3" or "4", "Application Processing", as applicable, and PRESS "Enter".
2	FAX09002	Enter the appropriate county, if applicable, and PRESS "Enter".
3	FAX07001	ENTER "11", "PFC/Compliance", and PRESS "Enter".
4	M00000	ENTER "1", "NAP and Disaster", and PRESS "Enter".
5	MH0000	ENTER "1", "Crop Disaster Program", and PRESS "Enter".
6	MHA0YR	ENTER "2", "2000 Crop Year", and PRESS "Enter".
7	MHAX00	ENTER "1", "Crop Disaster Program", and PRESS "Enter".
8	MHAD00	ENTER "2", "Reports", and PRESS "Enter".
9	MHADR0	ENTER "9", "Linkage Noncompliance Report", and PRESS "Enter".
10	MHADPS01	Enter the printer ID and PRESS "Enter" to generate the report.

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3 Printing the Linkage Noncompliance Reports (Continued)

E

Example of 2000 The following is an example of the 2000 Linkage Noncompliance Report.

**Linkage
Noncompliance
Report**

North Dakota	USDA-FSA	Prepared:	05-01-2002
A RANSOM	2000 Linkage Noncompliance Report		
Report ID: MHADR9-R001			Page: 1

This report lists the producers who received an uninsured 1999 QLP-AP, 2000 CDP, QLP, and/or QLP-AP payment. These producers were required to purchase crop insurance in 2001; however, RMA has no record of an insurance policy being purchased.

<u>Producer ID</u>	<u>Producer Name</u>	<u>Crop</u>	<u>Dollar Amt Received</u>
123456789	John Smith	UPCN	500.00

Example of Notification Letter for 1999

United States
Department of
Agriculture

County Office Name and Address

Date

To: Participants in 1999 Crop Disaster Program

Producers who received payments under the 1999 Crop Disaster Program (CDP) were required to purchase crop insurance in 2000 and 2001 for any insurable crop for which payment was received.

In _____ County, crops that were insurable are:
(Insert County Name)

(List each crop in which at least CAT level insurance was available according to 2-DAP, paragraph 228.)

Noncompliance with the crop insurance linkage requirement will result in a liquidated damage assessment for 2001 of the lesser of:

- your 1999 disaster payment, or
- twice the fee for CAT level insurance coverage (\$60 X 2 = \$120) for the crop or crops for which you did not purchase crop insurance, not to exceed \$400 per county for single-county producers and \$1,200 for multi-county producers.

There has been no record received in the _____ FSA County Office from the Risk Management Agency indicating you purchased the required crop insurance for 2001. You should immediately contact the _____ FSA County Office to resolve any differences.

If you did not grow any of the crops listed above during 2001, you may indicate so by signing the attached certification and returning it to the _____ FSA County Office within 30 calendar days from the date of this letter.

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Example of Notification Letter for 1999 (Continued)

Crop Insurance Linkage Certification

During the 2001 crop year, I did not plant any crop for which at least Catastrophic level crop insurance coverage was available and a payment was received. I understand this linkage requirement for payments received under the 1999 Crop Disaster Program applies to my interest in all counties regardless of where the benefits were obtained.

Print Name of producer receiving payments under the 1999
Crop Disaster Program

Signature of the Producer
or authorized agent

Date

Example of Notification Letter for 2000

United States
Department of
Agriculture

County Office Name and Address

Date

To: Participants in 1999 QLP-AP, 2000 CDP, QLP, and/or QLP-AP

Producers who received a 1999 QLP-AP, 2000 CDP, QLP, and/or QLP-AP payment were required to purchase crop insurance in 2001 for any insurable crop for which payment was received.

In _____ County, crops that were insurable are:
(Insert County Name)

(List each crop in which at least CAT level insurance was available according to 3-DAP, paragraph 228.)

Noncompliance with the crop insurance linkage requirement will result in a liquidated damage assessment for 2001 of the lesser of:

- your 1999 disaster payment, or
- twice the fee for CAT level insurance coverage ($\$100 \times 2 = \200) for the crop or crops for which you did not purchase crop insurance.

There has been no record received in the _____ FSA County Office from the Risk Management Agency indicating you purchased the required crop insurance for 2001. You should immediately contact the _____ FSA County Office to resolve any differences.

If you did not grow any of the crops listed above during 2001, you may indicate so by signing the attached certification and returning it to the _____ FSA County Office within 30 calendar days from the date of this letter.

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Example of Notification Letter for 2000 (Continued)

Crop Insurance Linkage Certification

During the 2001 crop year, I did not plant any crop for which at least Catastrophic level crop insurance coverage was available and a payment was received. I understand this linkage requirement for payments received under 1999 QLP-AP, 2000 CDP, QLP, and/or 2000 QLP-AP applies to my interest in all counties regardless of where the benefits were obtained.

Print Name of producer receiving payments under 1999 QLP-AP,
2000 CDP, QLP, and/or QLP-AP

Signature of the Producer

Date