

For: FFAS Employees

**Professional Liability Insurance Partial Premium Reimbursement Program**

Approved by: Deputy Administrator, Management



**1 Overview**

**A Background**

Congress passed Pub. L. 104-208, dated September 30, 1996, permitting Federal agencies to reimburse their management officials and supervisors for 50 percent of the cost of their annual professional liability insurance premium cost. FSA is also authorizing the extension of the provisions for coverage under the Professional Liability Insurance Program to eligible non-Federal County Office employees.

**B Purpose**

This notice:

- advises employees about this policy
- provides instructions for applying for and processing the insurance premium partial reimbursement
- obsoletes Notice PM-2509.

**C Definition of Professional Liability Insurance**

Professional liability insurance is defined as insurance that provides coverage for:

- legal liability for damages because of injuries to other persons, damage to their property, or other damage or loss to other persons, including the expenses of litigation and settlement, resulting from or arising out of any tortuous act, error, or omission of the covered individual (whether common law, statutory, or constitutional) while in the performance of the individual's official duties as a qualified employee

Disposal Date	Distribution
March 1, 2007	All FAS, FSA, and RMA employees; State Offices relay to County Offices

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### 1 Overview (Continued)

#### C Definition of Professional Liability Insurance (Continued)

- the cost of legal representation for the covered individual in connection with any administrative or judicial proceeding, including any investigation or disciplinary proceeding, relating to any act, error, or omission of the covered individual while in the performance of the individual's official duties as a qualified employee, and other legal costs and fees relating to any administrative or judicial proceeding.

#### D Insurer's Administrative Fees

The administrative fee is now considered to be part of the professional liability insurance premium and may be included for reimbursement.

### 2 Determining Eligibility

#### A Partial Insurance Reimbursement Eligibility

Only active supervisors or management officials, as defined below are eligible for the program. Separated employees are not eligible for the program.

#### B Definitions of Supervisor and Management Official

U.S.C. 7103(a)(10) and (11) defines supervisor and management official as follows:

- supervisor means an individual employed by an agency having authority in the interest of the agency to hire, direct, assign, promote, reward, transfer, furlough, layoff, recall, suspend, discipline, or remove employees, to adjust their grievances, or to effectively recommend such action, if the exercise of the authority is not merely routine or clerical in nature but requires the consistent exercise of independent judgment

**Note:** The term "supervisor" includes only those individuals who devote a preponderance of their employment time to exercising such authority.

- management official means an individual employed by an agency in a position the duties and responsibilities of which require or authorize the individual to formulate, determine, or influence the policies of the agency.

Employees who are not sure whether they meet the definition of supervisor or management official, should contact their servicing personnel office for verification.

**2 Determining Eligibility (Continued)**

**C County Office Non-Federal Employees**

HRD has determined that the following non-Federal positions are considered supervisory as defined in subparagraph 2 B, and, therefore, are eligible to participate in the reimbursement program:

- CED
- Program Assistant in Charge

No other non-Federal positions meet the definition of supervisor or management official.

**D FSA Federal Field Employee**

The following Federal FSA field positions meet the definition of supervisor or management official and are eligible for reimbursement:

- SED
- DD
- Chief, FLP Branch
- STC member
- Farm Loan Manager

Farm Loan Officers do **not** meet the definition of supervisor or management official and are not eligible for reimbursement.

**E FAS Foreign Service Officers**

HRD, Foreign Operations Branch (FOB) has determined that Foreign Service Officers, who are overseas as heads of posts or serving as the director of an Agricultural Trade Office, are eligible to participate in the reimbursement program.

**3 Obtaining Partial Premium Reimbursement**

**A Amount of the Premium Reimbursement**

Agencies are authorized to reimburse the employee for 50 percent of the **annual** cost for the premium for professional liability insurance.

### 3 Obtaining Partial Premium Reimbursement (Continued)

#### B Applying for Partial Premium Reimbursement

Eligible employees may apply for reimbursement by submitting a completed SF-1164 (Exhibit 1), attaching the insurance premium statement with acceptable proof of payment, such as a canceled check or insurance statement showing premium payments made in full, to their servicing personnel office.

**Claims for reimbursement must be submitted within 1 year from date the insurance was purchased.**

#### C Retroactive Reimbursement

No retroactive reimbursement will be made for claims for prior years that are not submitted within the 1 year time frame.

#### D Payment of Reimbursement

Upon receipt and approval of SF-1164, the employee's servicing personnel office will enter the claim into the payroll system. Employee will receive the reimbursement with their normal paycheck for the pay period processed.

#### E IRS Tax Treatment Determination

IRS advises that employee reimbursements made under a properly administered Professional Liability Insurance program may be excluded from gross income under section 132(d) for the Code and exempt from the withholding and payment of employment taxes.

However, employees should consult their individual tax advisors if they need more specific information.

#### F Submitting Documentation

**Employees** should submit documentation for proof of payment of the annual premium to their servicing personnel office according to subparagraph 4 B. Documentation may include:

- canceled checks
- insurance statements showing premium payments were made in-full.

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**4 Contacts**

**A National Office Contacts**

Employees serviced by the National Office shall use this table to obtain additional information.

<b>IF the employee needs to...</b>	<b>THEN...</b>
verify supervisory or management official status	contact the Domestic Operations Branch (DOB) or FOB according to the HRD Services Listing.
ask questions about this notice	contact the Performance Management, Benefits, and Awards Branch (PMBAB) at 202-401-0685.
submit SF-1164 and documentation	send to:  USDA/FSA/HRD/PMBAB STOP 0595 1400 Independence Avenue, SW Washington, DC 20250-0595.
ask about issuing the payment	contact DOB, Services Unit at 202-401-0677 or 202-401-0674.

**B Other Contacts**

Employees who are **not** serviced by the National Office shall direct questions about the contents of this notice or submitting SF-1164 and documentation according to this table.

<b>IF the employee is located in...</b>	<b>THEN contact...</b>
KCHRO, KCCO, RMA, Research and Development Division, or APFO	KCHRO at 816-926-6225 or TDD at 816-283-4719.
State Office County Office	State Office, Administrative Division.

