January 3, 2002

INFORMATIONAL MEMORANDUM: R&D-02-002

TO: All Reinsured Companies
    All Risk Management Agency Field Offices
    All Other Interested Parties

FROM: Tim B. Witt /s/ Tim B. Witt
      Deputy Administrator

SUBJECT: Administrative Fees When a Prevented Planting Payment is Based on Another Crop

ISSUE:

The Risk Management Agency (RMA) has received questions regarding which crop the administrative fee is charged for when a prevented planting payment is made on the basis of another crop.

BACKGROUND:

Section 17(h) of the Common Crop Insurance Policy, Basic Provisions, specifies when a producer is prevented from planting a crop that meets all policy requirements for a prevented planting payment, but does not have an adequate base of eligible prevented planting acreage for that crop, the prevented planting payment and premium will be based on another insured crop that has remaining eligible prevented planting acreage.

ACTION:

Additional administrative fees that result solely from basing a prevented planting payment on another crop will not be charged to the policyholder. Reinsured companies should flag these crops as administrative fee exception flag ‘P’ in the DAS record type 14 to ensure the waiver of the administrative fee.

DISPOSAL DATE:

The disposal date of this Informational Memorandum is December 31, 2002.