

Risk Protection Initiative

2003 Targeted States Crop Insurance Financial Assistance Program

Agricultural Management Assistance for Targeted States

What Is the Targeted States Crop Insurance Financial Assistance Program Under Agricultural Management Assistance?

Section 524 (b) of the Federal Crop Insurance Act authorizes the Secretary of Agriculture to provide financial assistance to producers in 15 targeted States. This financial assistance is approved for a number of risk mitigation and marketing practices. Producers may use financial assistance to enter into contracts designed to reduce production, price, or revenue risks.

Given this authority, the Risk Management Agency (RMA) provides financial assistance to producers purchasing crop insurance in targeted States. Financial assistance helps producers reduce production, price or revenue risks. Specifically, RMA shares a portion of producers' premiums remaining after applying the normal USDA subsidy.

Where Is Targeted States Financial Assistance Available and Who Is Eligible?

The Targeted States Crop Insurance Financial Assistance Program (Financial Assistance Program) is available to producers purchasing most 2003 policies in the following States: Connecticut, Delaware, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming.

The Financial Assistance Program is available to producers purchasing policies after February 21, 2003, and acreage reporting dates prior to September 30, 2003. Financial assistance was provided to producers purchasing Adjusted Gross Revenue (AGR) and

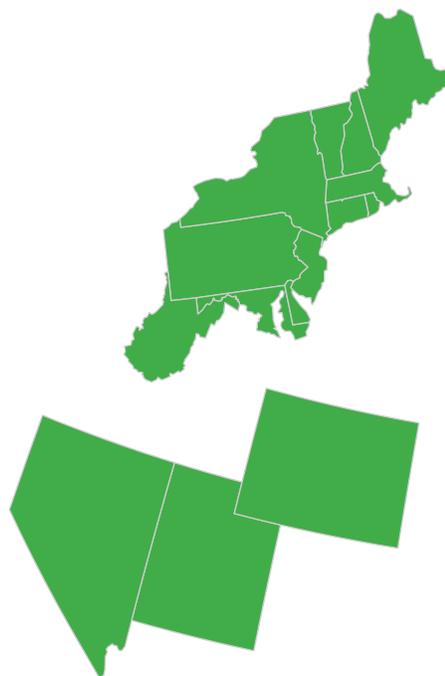
Adjusted Gross Revenue-Lite (AGR-Lite) policies prior to their sales closing date of January 31, 2003. Financial assistance will not be provided for Catastrophic (CAT) policies or Livestock Risk Protection (LRP).

Interested producers must contact their agent regarding program eligibility and availability.

How Will the Financial Assistance Program Be Applied?

RMA provides financial assistance for all eligible 2003 policies. Financial assistance for an eligible policy will be calculated as shown in Table 1.

Targeted States



www.rma.usda.gov
February 2003

Table 1—How Financial Assistance Will Be Applied

Coverage Level	Financial Assistance Factor
50* (*buy-up only)	.10
55	.15
60	.20
65	.30
70	.40
75	.50
80*	.50
85*	.50

For example, a producer purchases an eligible policy at the 65-percent coverage level with a total (unsubsidized) premium of \$1,000 and a premium subsidy rate of 59 percent, or \$590 ($\$1,000 \times .59$). Normally, the producer's out-of-pocket premium would be \$410. However, under the Financial Assistance Program, the financial assistance dollar amount is \$123 ($\$410 \times .30$). The producer's final out-of-pocket premium is \$287 ($\$1,000 - \$590 - \123).

RMA will not pay a portion of any administrative fee under the Financial Assistance Program.

How Does a Producer Apply for the Financial Assistance Program?

No additional application is necessary to apply for the program. Agents representing crop insurance companies will apply the financial assistance automatically to all eligible policies, which will appear on the producer's premium bill.

RMA has a limited amount of funding available for the Financial Assistance Program. If program participation exceeds expectations, then RMA must reduce the amount of assistance for each policy on a pro rata basis so that total program spending does not exceed available funds.

Are There Any Limitations to Calculating Targeted Financial Assistance?

Yes. Total subsidies and financial assistance payments cannot exceed 90 percent of the total premium (also referred to as the "base premium" by RMA) for any policy.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

