Asked & Answered

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EMERGENCY RELIEF PROGRAM (ERP) Q AND A

AIP QUESTIONS AND RMA RESPONSES

Q1: An insured had a 2021 winter wheat policy with SCO, and both the underlying coverage and SCO coverage had payable claims. Both claims were paid before the end of April 2022. The crop insurance data snapshots for the 2020 CY and 2021 CY were captured on May 2, 2022.

Assuming this insured was in an affected area, should they have received a 2021 CY ERP letter and form since the claims were paid and records cleared before the data snapshot date? Or, because the 2021 policy included SCO, was this winter wheat held until a later Phase 1 mailing?

RMA A1: No, due to the SCO, it will come in with the later run for those policies.

Q2: If a claim is corrected after the ERP policy and loss data snapshot was taken, calculations completed, and information provided to FSA for printing, how will RMA review the corrected claim data? Will RMA recalculate the ERP amount, and will FSA collect money from the farmer?

RMA A2: Phase 1 is only using the data as *previously* submitted. If the producer comes in for Phase 2 for some reason, then it may be picked up there, otherwise the revised claim will *not* affect payments.

Q3: Insured producer or policy information is incorrect on an ERP Form 520, but the information is *correct* in the AIP systems and was accepted at RMA via PASS before May 2. Because insureds are directed back to their crop insurance agents and AIPs for handling questions/issues with form information, please clarify:

- What action can an insured, agent, or AIP take if the data is accurate in the AIP databases and the AIP knows that data was accepted at RMA?
- What type of information can be manually corrected on ERP Form 520? When is Form 520 information allowed to change?
- Must RMA and FSA provide new data and a new pre-printed form? How does an insured make that request?

RMA A3: The main thing is to consult the FAQs to understand why it may not be on the ERP Form 520. If it is still unclear, the AIP may contact RMA to verify policy-specific data. However, to date, it is very rare to encounter data errors. The Form 520 cannot be “corrected” as phase 1 only handles cases as presented in the current data [as of the May 2, 2022 snapshot]. Producers may come back in phase 2 to reconcile perceived errors.

Q4: How were policies where the tenant insured the landlord’s share (or vice versa) handled?

- Did the data pull identify the tenant as having 100% share? If so, we assume the indemnity on the ERP Form 520 will show only for the tenant, who would be expected to share the correct percent with the landlord. Is that correct?
- Or did the data pull only identify the tenant, without the landlord’s share noted? If so, we are unsure how that would appear on the ERP Form 520. Could you explain?

RMA A4: Please consult the FAQs on landlord tenant situation. The landlord tenant data on the Form 520 is based on crop insurance reported share and SBIs. Tenants can assign share to landlords listed as SBIs.

Q5: How were Transfers of Coverage handled? We are hearing that the ERP Form 520 went to the insured who originally had the insurable share, and the two parties will need to meet to delineate their correct shares on the ERP Form 520 so the transferee gets paid as the person who received the indemnity on the transferred acreage. Is this correct? Could you please clarify how such data was handled?

RMA A5: Please consult the FAQs.

Q6: Who is required to sign the ERP Form 520?

- Is it only the person who enters a percent share in column 13 of the ERP Form 520? For example, on a Spousal policy both the husband and the wife are showing in column 12, the Husband with a (P) and the wife with the (SBI). If the husband enters 100% in his name and the wife nothing, does all the money go to the husband? If they enter a 50/50 split on the 520, will the amount in column 10 be split in half and two checks/deposits made, half of column 10 to each?
- OR, because both are listed on the ERP Form 520 a share must be entered, totaling 100%, and anyone who's name shows in column 12 must sign, even if 100% of the indemnity is going to one individual?
- If Farmer A and Farmer B have 50/50 share with FSA, but RMA considers them a Joint Venture with one RMA policy instead of two and Farmer A is the Primary Policyholder using Farmer A's SSN as their CCID, will Farmer A (or RMA Joint Venture name) receive the full ERP payment regardless of FSA 50/50 shares? Would SBI Farmer B not appear on the ERP Form 520? Would the two farmers be expected to leave the ERP Form 520 as-is and split the money that Farmer A will receive with only Farmer A signing the 520 OR do they split the money 50/50, add Farmer B to the form and have Farmer B sign?

RMA A6: Anyone receiving a share as reported by the policyholder on the Form 520.

Q7: We had a couple of wildfires out here this year [during 2021]. We were wondering how this would affect an ERP payment. The insured carried a private product line for fire loss, and we had to include the amount that exceeded the deductible into the loss. The amount exceeded was transferred into uninsured bushels that counted as production to count on the 2021 CY claim.

The example below shows the fire policy paid $392,105 minus the difference of Guarantee $141,554 to UI cause of loss $250,551. This converted into 25,411 bushels of UI cause.

How were situations like this handled when data was prepared to send to FSA for printing? What information was used to arrive at a potential ERP payment?

OU 1.07 YLD 21

APH	Price	Total	acres	Before fire
72	$ 6.33	$ 455.76	1329.3	$ 605,841.77
72	$ 9.86	$ 709.92	1329.3	$ 943,696.66

Trigger	Price	Total	acres	MPCI Guarantee
61.2	$ 6.33	$ 387.40	1329.3	$ 514,965.50
61.2	$ 9.86	$ 603.43	1329.3	$ 802,142.16

Before fire	MPCI Guarantee	Diff Gurantee	UI Cause	UI BU to be applied	Production to count	Claim
$ 605,841.77	$ 514,965.50	$ 90,876.27	$301,229	47587	$ 59,134.23	$ 154,602.54
$ 943,696.66	$ 802,142.16	$ 141,554.50	$250,551	25411	$ 92,111.13	$ 459,480.52
						If negative PTC exceeded

Private Product payment
$392,105

RMA A7: Private product indemnities are not considered in the ERP calculations.

Q8: For policies with the RP plan of insurance, is the harvest price used in the calculation? The documentation states "expected value" and it appears that the prefilled forms do account for a higher harvest price if RP, we haven't found where is specifically states it is used.

RMA A8: Please consult the FAQ and white paper.

Q9: Should the share on the ERP form match the share reported for crop insurance? Some FSA offices are saying it should be 100% because they are really asking if the applicant is entitled to 100% of that ERP payment.

RMA A9: The calculated payment amount already considers the reported crop share from insurance.

Q10: Joint Venture scenario: A crop insurance policy is established as a Joint Venture with three operators listed as SBIs, and one of their SSNs is used as/for the named insured. Who enters a percent share in column 13 of ERP Form 520?
Scenario details:

> The ERP application for a JV is under the primary shareholder's name (instead of the entity name) and only shows the primary shareholder in field 12 (none of the SBI/shareholders in the JV are showing). If the primary shareholder claims 100% for the entity on line 13, he will exceed the program limits of $250,000 (they qualify for extended limit). If the primary shareholder claims only his 25% share of the JV, the other 75% of the ERP indemnity will not be indemnified to the other JV partners.
>
> Is it possible to allow for ERP fixes for JV operators? In other words, allow producer to complete the application listing the JV partners and their shares and allow FSA to key?

RMA A10: Please consult the FAQ. If using an SSN, that person would at a minimum need to report on the form; however, all shareholders receiving payment must sign the form. If using EIN, it would depend on the corporate setup of the JV and whoever has signature authority at FSA. In some circumstances that require fixes to SBIs, the applicant may have to resolve in phase 2.

Q11: The ERP FAQs on RMA's website contain the following Q & A:

> *Q – What if I am the primary crop insurance policy holder with other Substantial Beneficial Interests (SBI) listed on my application and I have designated SBI shares, but am not able to collect all SBI signatures on my ERP application?*

A – The ERP application will be considered incomplete.

The ERP Form 520 only includes one signature block for an SBI. Where are the other SBIs expected to sign? In close proximity to the signature and date space provided?

What if there are more than the form can "hold"? Is there a second page or addendum that can be used to comply with the SBI signature requirement?

RMA A11: There are signature blocks on the Form 520 for each SBI. This shouldn't be an issue.

Q12: Would RMA please step AIPs through the below white paper example, providing the field names used from the P11 and P21 records (and where they round)?

ERP Payment Calculations

The general calculation for all plans except ARPI, RI, and standalone STAX policies is:

- ERP Payment = (Expected Value x ERP Factor – Actual Value) x Share x Multiple Commodity Factor – Indemnity Amount + Producer Premium + Administrative Fees
- Expected value is derived from data reported on the loss record and is adjusted to reflect 100% of the price election (as applicable). For example, expected value for APH (90) is calculated as: (Loss Guarantee Amount x Price Election) / (Coverage Level Percent x Price Election Percent).
- Actual value is derived from data reported on the loss record and is adjusted to reflect 100% of the price election (as applicable). For example, actual value for APH (90) is calculated as Production to Count x Price Election. For YP (01) or RP (02), actual value equals the Revenue to Count reported on the loss record.
- Multiple commodity factor is the 65% reduction applied (0.35 factor) when first crop/second crop rules apply.
- Indemnity amount and producer premium include any amounts for supplemental coverages associated with that crop-unit. Since the ERP application reports at the crop-unit level and administrative fees are not assessed at the unit level, all fees associated with the crop are applied to one unit on the application.

For ARPI, RI, and standalone STAX policies, the ERP factor was used to recalculate what the area-based payment factor for production losses would have been under the given plan. The formulas for these vary by plan but, as an example, the RI calculation is:

- ERP Payment = Expected Value x ERP Factor x Modified Payment Factor x Share x Multiple Commodity Factor – Indemnity Amount + Producer Premium + Administrative Fees

AIP ERP calculation questions: Can the RMA provide an indemnity simulator so farmers and agents can use to validate their indemnities? Can RMA provide datasets to individual AIPs by grower which were used to calculate indemnities?

In summary, either RMA, AIPs or the FSA will need to provide answers. Right now, it looks like the crop insurance agents were volunteered.

RMA A12: RMA is not planning to release such a tool or the underlying datasets. That is why the white paper with full calculations was provided.

Q13: Is it correct to say that if claim data was sent after May 2, 2022, and the policy meets ERP criteria, the producer will receive payment in Phase 2? For example, there were claims being worked or re-worked that were closed after May 2, 2022.

RMA A13: That is not correct. For example, policies with SCO that have not yet been included may still have pending action prior to phase 2. Rules for Phase 2 will be released at a later date.

Q14: Does crop have to be planted to qualify?

RMA A14: Prevented planting is covered by ERP, but the claim record had to include a date of damage in the 2020 or 2021 calendar year.

Q15: The Buy Up policies seem to match up with previous indemnity amounts, however CAT polices are calculating at 75% payment factor and I guess 75% price factor which is far different than the 50/55% CAT levels. What are they using for price factors on CAT?

RMA A15: 100% price election percent is used for ERP.

Q16: Crops that are an irrigated practice, were indemnified for failure of irrigation supply, would they need to be in a D3 drought county to qualify or would they qualify at all?

RMA A16: The producer is certifying they were impacted by a qualifying event. For drought to be considered a qualifying event it must be in a county that experienced D2 for 8 weeks or D3/D4 conditions. Links to the qualifying drought counties are included in the press release and excess heat is also a qualifying cause. A review or spot check may require additional documentation.

Q17: ECO and SCO indemnities will be netted out, correct? If so, will insureds who purchased ECO and SCO be worse off than those that did not purchase either?

RMA A17: ERP will provide a higher factor if SCO/ECO were purchased unless the underlying policy is already at 80/85% where the ERP factor already maxes out at 95%. While any SCO/ECO indemnities are netted out, it's based on indemnity less the producer premium/fees associated with SCO/ECO, not just the underlying coverage. If there were no SCO/ECO indemnity, the SCO/ECO producer premium is still deducted from the underlying policy indemnity. So, they are no worse off regardless of the situation since they are being reimbursed for premium and fees.

Q18 – Cause of Loss and FSA referring insureds back to agents/AIPs:

- Is there a specific list of causes of loss that are covered under the program?
- We have a policyholder who received a new ERP application on his grain sorghum. The cause of loss on his MPCI policy was "Hot, Dry, Winds". The FSA sent him to his agent to find out if this peril would be covered by ERP. Is this a covered peril for the ERP program? The FSA FAQs, handbook, fact sheets, etc. do not mention hot, dry winds.

RMA A18 – Cause of Loss and FSA referring insureds back to agents/AIPs:

Please consult the FAQs. Regarding producer's contacting their crop insurance agent, producer's may not know (or remember) what cause(s) of loss are reported on their crop insurance claim records. While this is not in and of itself a limiting factor, it may help them in their decision process. Likewise, cause of loss dates are important to the ERP process since the unit must have at least one date reported in the 2020 or 2021 calendar year and the producer may not be aware of what dates were recorded by the adjuster. This is more important when the producer believes information is missing on their application although no reconciliation process currently exists.

Crop insurance claim record COLs are not defining ERP eligibility but may provide supporting documentation if needed during a review or spot check. The producer is certifying to being impacted by a qualifying event as outlined in the NOFA and other material provided. The producer may need to provide other documentation if reviewed or undergoing spot check. There is not a defined criteria or trigger for each qualifying event (much like we don't have a defined or absolute criteria for listing drought, excess heat, etc. as a cause of loss).

Q19: If a policyholder receives an ERP payment for one crop, is he required to insure all crops that he plants?

RMA A19: No, only the crop/county that they receive an ERP payment on must be insured for the next two available crop years (which is determined based on the timing of the ERP payment).

Q20: If receiving a payment, is the producer is required to have at least the 60% level of coverage?

RMA A20: Correct if they have a Federal crop insurance product then the coverage level must be 60% or greater. If the ERP payment was made on a crop that only has FSA's NAP program then they have to have NAP at catastrophic level or higher.

Q21: If a policyholder has a 50% or CAT level they will have to increase the level of coverage?

RMA A21: Coverage must be increased to a level that equates to 60% of the crop value being insured in the crop/county. As with WHIP+, supplemental coverages (SCO, ECO, MP, STAX, HIPWI) do count towards meeting the requirement if the coverage attaches. Keep in mind any interactions with ARC/PLC decisions and those supplemental coverages do not attach to prevent plant acres.

Q22: Is there a way an agent will know (beside the policyholder telling us) that a crop insurance coverage increase is needed to meet the linkage requirement?

RMA A22: The policyholder needs to tell their agent. When they sign the ERP application, they are acknowledging that they understand they have to purchase insurance for the next 2 years. FSA/RMA will be monitoring this and will ask for the ERP payment back if the insured did not satisfy the insurance requirements.

Q23: Would PRF Haying Type be eligible under ERP? We know that crops intended for grazing are not eligible.

RMA A23: PRF Haying is included in the crop insurance data for ERP. Producers would be certifying that a portion of their production loss was attributed to a qualifying natural disaster event.

Q24: Does Apiculture (API) qualify for ERP?

RMA A24: Yes.

Q25: We're hearing reports of FSA offices directing producers to their crop insurance agent/AIP for program information and facilitation. However, based on everything we've seen so far, it appears that everything is done via FSA and all crop insurance loss data should be available to them for 2020/2021 via RMA data (similar to how WHIP+ worked transmission wise). Other than agents answering questions regarding their crop insurance coverages, there's nothing additional that needs to occur from the crop insurance agent/AIP side of things is there? **Examples:**

- Sac City and Ida County, IA FSA offices telling producers to ask their crop insurance agent what they need to do to get signed up for this program.
- Numerous county offices in Oklahoma asking crop insurance agents for producer loss documents.

- Concerns from agents in OH where ERP payments are being triggered when crop insurance losses in certain areas were extremely minimal (i.e.: Allen County, OH has a list of guys receiving significant ERP payments but they had no losses and it's not a county included in the drought lists.
- Clay Co, KS FSA office is telling producers to talk to the crop insurance agent to get an estimate of a potential ERP payment. This is even after the prefilled application has been received from what I'm told.

RMA A25:

- We have shared these examples with USDA. Hopefully, these are isolated instances. You should only need to clarify crop insurance coverage questions, which could involve working through specific issues with RMA as happened with WHIP+. Because RMA performed the ERP calculations and provided the final print-ready data to FSA, we hoped the questions would be few and far between.
  - RMA Resource: https://www.rma.usda.gov/News-Room/Continuing-Interest/Emergency-Relief-Program-and-Natural-Disaster-Resources
  - FSA Resource: https://www.fsa.usda.gov/programs-and-services/emergency-relief/index
- Notifications for the 2020 CY should all be out from FSA. However, any 2021 CY policies in a qualifying impact area with open claims not yet sent to RMA or with SCO, STAX, ECO, or MP on the policy that will have a claim issued soon will be included in a second round of Phase 1 calculations and form issuances later this summer.

Q26: The PP insurance period for carryover insureds goes back to the previous year's SCD. Producers with 2020 PP claims that had COL / DOD in 2019 are supposedly not considered eligible for the ERP payment. Was this intentionally left off or wasn't it considered and should have been? Producers are really upset, and this is creating all sorts of requests for the AIP to change the Date of Damage or Cause of Loss (even though those are valid). The fall of 2019 was wet, cold and had heavy snows that left crops in the field until spring. **Clarification from RMA is needed as to whether these were intentionally excluded or not and if not, what producers can do about it.**

RMA A26: The legislation is intended to offer ERP payments for weather disasters that happened in calendar years 2020 and 2021, so that would preclude damage that occurred in 2019. It is possible that these situations that persisted into 2020 could be considered in Phase 2.

Q27: If our AIP has questions about specific policy information on the ERP forms, do we send those detailed ERP questions through NCIS, or do we send those to someone/a group at RMA? For example, our AIP just received questions concerning the SBIs on a couple of policies; in each case, the SBIs are not listed on the policies in our system, and we're uncertain where the data is coming from.

RMA A27: Work through specific policy/data-related questions with RMA directly, much as happened when resolving CFAP2 and WHIP+ detailed policy-level concerns. RMA will be able to review the policy data in place at the time the initial ERP Phase 1 data snapshot was captured (May 2, 2022) and provided to FSA for printing.