



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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BULLETIN NO.: MGR-10-012

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: William J. Murphy /s/ Barbara M. Leach for Administrator 10/22/2010

SUBJECT: Guidance Regarding Section III(a)(2)(K) of the SRA

BACKGROUND:

Section III(a)(2)(K) of the Standard Reinsurance Agreement (SRA) states:

(K) The Company, for itself and any persons whose rights are derivative of the Company (including, but not limited to, assigns, successors, and representatives), hereby covenants and agrees that it will not institute or file any judicial or administrative proceeding, or cause the instituting or filing (directly or indirectly) of any judicial or administrative proceeding, or assist any third party that has instituted or filed any judicial or administrative proceeding, against FCIC, RMA, the United States Department of Agriculture, or any officer, agent, or director thereof (collectively, "FCIC"), challenging the legality of the terms and conditions of section III(a). Nothing in the forgoing precludes the Company from responding to a court order. This covenant and agreement may be pleaded by FCIC as a bar or release in the event any such judicial or administrative proceeding is instituted or filed. The Company and FCIC, prior to execution of this Agreement, had disputed the provisions of section III(a). That dispute now has been compromised in a manner mutually acceptable to the Company and FCIC, and, in consideration of that compromise, the Company agrees and covenants as set forth above. The Company shall require its agents to acknowledge in writing that the agents agree to and are bound by the same covenant not to sue contained in this paragraph. Such acknowledgement may be contained in an agent or other agreement.

The Risk Management Agency (RMA) has received questions from approved insurance providers (AIPs) regarding the implementation of this provision with respect to their agents and affiliates. This bulletin provides applicable guidance.



The Risk Management Agency Administrators
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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ACTION:

1. Except as provided in paragraph 4, before an agent, as defined in section I of the SRA, is allowed to act on behalf of an AIP with respect to the sales or service of eligible crop insurance contracts for the 2011 and any subsequent reinsurance year, the AIP must obtain from such agent the written acknowledgement referred to in section III(a)(2)(K) of the SRA. A separate acknowledgement must be obtained from each agent for each reinsurance year.
2. To the extent that an AIP has contracts with individual agents, the written acknowledgement required in section III(a)(2)(K) may be incorporated into or appended to such contracts. However, a written acknowledgement incorporated into or appended to an agency contract covering multiple agents will not meet the requirement of section III(a)(2)(K) unless such acknowledgement is signed individually by each agent within the agency.
3. AIPs will not be required to certify to RMA that they have obtained written acknowledgments referred to in section III(a)(2)(K) of the SRA from each agent. However, AIPs will be required to provide RMA a copy of such acknowledgement for any agent upon request.
4. For any eligible crop insurance contracts for the 2011 reinsurance year for which applications or renewals have been accepted and for which written acknowledgements from applicable agents have not yet been obtained by the AIP as of the date of this bulletin, the AIP must obtain such acknowledgements from such agents within 45 days of the date of this bulletin.
5. If any agent fails to sign the written acknowledgement referred to in section III(a)(2)(K) of the SRA by the deadline specified in paragraph 4, any policies sold or serviced by such agent will be denied reinsurance.

DISPOSAL DATE:

Until rescinded by RMA.