



United States
Department of
Agriculture

Risk
Management
Agency

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INFORMATIONAL MEMORANDUM

TO: All Reinsurance Companies
All Risk Management Field Offices
All Other Interested Parties

FROM: David C. Hatch /s/ *David C. Hatch* 3/9/2005
Acting Deputy Administrator for Insurance Services

SUBJECT: Prohibition of Agent Involvement in Loss Adjustment Activities

Section IV.F.4.a.i.-vi of the Standard Reinsurance Agreement (SRA) prohibits agents from being involved in loss adjustment activities. The Risk Management Agency (RMA) has determined that an agent accompanying a loss adjuster while a claim is being worked violates the conflict of interest provisions of the SRA. Beyond receiving notice of a loss or production information from an insured and forwarding the notice or production information to the approved insurance provider, an agent is prohibited from any other involvement in the claims process. The SRA does not authorize the agent to have any interaction with the loss adjuster during the loss adjustment process.

RMA directs each approved insurance provider to review its procedures regarding agent/loss adjuster interaction to identify and correct any procedure that might allow any interaction between the agent and loss adjuster or otherwise violate the conflict of interest provision of the SRA. RMA also directs each approved insurance provider to notify its agents and loss adjusters that any interaction between an agent and a loss adjuster during the loss adjustment process is a prohibited practice and provide a copy of this notification to RMA's Reinsurance Services Division.



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

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