



United States Department of Agriculture

Farm and Foreign Agricultural Services  
Risk Management Agency

**BULLETIN NO.: MGR-00-004**

TO: All Reinsured Companies  
All Risk Management Agency Field Offices

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 2-17-00  
Administrator

SUBJECT: 1997 Reinsurance Year Duplicate Policy Resolution

**BACKGROUND:**

The Risk Management Agency (RMA) intends to discontinue its 1997 Duplicate Policy reporting process. RMA's Reinsurance Accounting System (RAS) contains an internal control process that detects policies for the same insured for the same State/county/crop that were issued by two different reinsured companies, a company and the Farm Service Agency (FSA), or by one company. When a duplicate is detected, the policy appears on each affected reinsured company's "Duplicate Report," and the companies are required to resolve the duplicate policy issue.

When duplicate policies are identified, RMA withholds from the company any excess administrative fees potentially paid by policyholders. Once the duplicate policy issue has been resolved, any excess administrative fees must be returned to the policyholders.

In some isolated cases, duplicate policies have been found to be for the same crop in the same county, but cover different acreage that does qualify as a separate unit; therefore, no overpayment of premium subsidy, administrative fees, or indemnity has occurred.

In addition, some policies appear as duplicates with those issued by a FSA county office; however, FSA no longer has the capability to delete their issued policy.

Reinsured companies, FSA, and RMA have devoted significant resources over the last 3 years to review and correct these policies and have successfully resolved a high percentage of duplicate policies.



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However, consistent with MGR-98-009 which suspended the duplicate process for the 1995 and 1996 reinsurance years, it no longer is cost effective to continue this effort given the reduced number of remaining cases.

**ACTION:**

1. For the 1997 reinsurance year, RMA will suspend the duplicate process. However, the process to identify duplicate policies will remain in effect for 1998 and subsequent years.
2. Each reinsured company is still responsible for correcting 1997 reinsurance year duplicates except when **all** of the following conditions are satisfied:
  - A. The reinsured company maintains documentation to support that the duplicate policies:
    - (1) covered different acreage, which under policy and procedural requirements would have qualified as separate units if insured under one policy; and
    - (2) premium subsidy, administrative fees, and any indemnity paid would be the same as the amounts paid if the crop acreage had been insured under one policy; and
  - B. The reinsured company has taken action to ensure that the duplicate condition was resolved.
3. RMA will no longer deduct the excess administrative fees collected on multiple policies for the 1997 reinsurance year.
4. Reinsured companies continue to be responsible for ensuring that premiums and/or administrative fees were neither charged nor indemnities paid on two or more policies covering the same crop on the same acreage for the same year.

**DISPOSAL DATE:**

This bulletin is effective until the expiration date, September 30, 2001.