



United States Department of Agriculture  
Farm and Foreign Agricultural Services  
Risk Management Agency

**BULLETIN NO.: MGR-02-020**

TO: All Reinsured Companies  
All Risk Management Agency Field Offices

FROM: Ross J. Davidson, Jr. /s/ Ross J. Davidson, Jr. 11/08/02  
Administrator

SUBJECT: Clarification of Quality Loss Adjustment Provisions

**BACKGROUND:**

The Farm Security and Investment Act of 2002, signed May 13, 2002, amended section 508(m) of the Federal Crop Insurance Act (7 U.S.C. 1508(m)). The amendment requires the Risk Management Agency (RMA) to “accept, in the same manner and under the same conditions, evidence of the quality of agricultural commodities delivered to-- (A) warehouse operators that are licensed under the United States Warehouse Act (7 U.S.C. 241 et seq.); (B) warehouse operators that are licensed under State law and have entered into a storage agreement with the Commodity Credit Corporation (CCC); and (C) warehouse operators that are not licensed under State law but are in compliance with State law regarding warehouses; and have entered into a commodity storage agreement with the Commodity Credit Corporation.”

**ACTION:**

- A. Regardless of the license status of the warehouse, the reinsured companies must reject any quality determinations that are not based on the grading standards specified in the respective Crop Provisions.
- B. The interim rule only pertains to who can do quality adjustment under certain policies. It does not affect whether quality tests are required, the manner in which such tests must be conducted, the applicable standards, or any quality adjustment under any policy that was not revised by the interim rule.



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- C. The most recent list of facilities with CCC Uniform Grain and Rice Storage Agreements is at <http://www.fsa.usda.gov/daco/kcco>. The most recent list of facilities with CCC Processed Commodities Storage Agreements is at <http://www.fsa.usda.gov/daco/db2.htm>. The most recent list of facilities with CCC Cotton Storage Agreements is at <http://www.fsa.usda.gov/daco/cotwhse.htm>.

**DISPOSAL DATE:**

This bulletin is for transmitting/updating information.