



**United States Department of Agriculture**

Farm and Foreign Agricultural Services  
Risk Management Agency

**BULLETIN NO.: MGR-01-024**

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

FROM: Phyllis W. Honor /s/ Phyllis W. Honor 10-3-01  
Acting Administrator

SUBJECT: Payments to Producers By A Cooperative or Trade Association

**BACKGROUND:**

Section 508(b)(5)(B) of the Federal Crop Insurance Act (Act) has been amended to permit the payment of all or a portion of the catastrophic risk protection administrative fees by a cooperative or trade association in those states where such payments are permitted by state rebating laws, and in contiguous states where the cooperative or trade association also operates. The payment of a licensing fee or other payment made by an approved insurance provider to a cooperative or trade association will be subject to the rebating laws of the state in which such fee or other payment is made.

The Risk Management Agency (RMA) previously issued Manager's Bulletins MGR-00-017, MGR-00-017.1, MGR-00-018, and MGR-00-018.1. These bulletins, when accepted by the companies, amended sections II.A.6 and III.B.3.a of the Standard Reinsurance Agreement (SRA) and the Aquatic Crop Reinsurance Agreement (ACRA) respectively. These amendments to the SRA and ACRA stated that, in accordance with applicable procedures, approved insurance providers may pay licensing fees or other payments to cooperatives or trade associations that will return all or a part of such licensing fee or other payment to their producers. This bulletin outlines the procedures under which such licensing fees or other payments paid by the approved insurance provider may be returned to producers.



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

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**ACTION:**

It is the responsibility of each approved insurance provider, as defined in the SRA and ACRA, to ensure that it and all its agents are in compliance with the law. With the annual filing of the Plans of Operations (Plan) that are due April 1 each year, each approved insurance provider that intends to utilize the authority in section 508(b)(5)(B) of the Act must comply with the following:

1. In response to item 6 of the Plan, provide:
  - a. The names, addresses, and telephone numbers of each cooperative or trade association with which the approved insurance provider intends to enter into licensing or other financial agreement or contract authorized by section 508(b)(5)(B) of the Act.
  - b. A list of the states where the cooperative or trade association will return all or part of the licensing fee or other payment received from the approved insurance provider to its producers; and
  - c. For each state listed in (b), a letter from the State Insurance Department stating whether the return to the producer of licensing fees or other payments made by the approved insurance provider to the cooperative or trade association is in compliance with the rebating laws of such state.
2. No approved insurance provider may enter into licensing or other such financial agreement or contract authorized by section 508(b)(5)(B) of the Act with cooperatives or trade associations unless the cooperative or trade association agreement or contract is included in its approved Plan in accordance with paragraph 1.
3. A revised Plan must be submitted in accordance with this bulletin for any licensing or other financial agreement or contract entered into after an approved insurance provider's annual Plan has been submitted or approved.

Any approved insurance provider that is not in compliance with above-stated requirements will be subject to any and all sanctions authorized in the SRA or ACRA, and section 515(h) of the Act.

**DISPOSAL DATE:**

This Manager's Bulletin will remain in effect until incorporated into the Standard Reinsurance Agreement and the Aquatic Crop Reinsurance Agreement.