

IS-15-009

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Date

October 14, 2015

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

David L. Miller, Director, Reinsurance Services Division

Subject

Texas Citrus Tree Plan of Insurance - User Fee Notification

On August 12, 2015, AgriLogic Consulting, LLC (AgriLogic) the developers of the Texas Citrus Tree plan of insurance, advised the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) of their intent to maintain the Texas Citrus Tree plan of insurance and charge a user fee to approved insurance providers (AIP) selling the plan. Section 522(b)(4)(C) of the Federal Crop Insurance Act (Act) allows submitters to transfer approved 508(h) products to FCIC for maintenance, or maintain the policy and charge a user fee to AIP's that elect to sell the policy. Section 522(b)(4)(D)(ii) of the Act and 7 C.F.R. 400.712(j)(4) provide that the Board will determine the reasonableness and approve the amount of user fee that is payable to the applicant by the AIP. A user fee in the amount of 1.68 percent, to be applied as a percent of premium for policies covered under the Texas Citrus Tree plan of insurance for the 2016 insurance year has been approved. The Board reserves the right to revisit the user fee in future years to ensure that the standards for such continue to be met. The user fee is owed by the AIP and cannot be passed on to producers as an increase in premium or an administrative charge. The regulation provides that it is AgriLogic's responsibility to collect the fees from AIP's, and any indebtedness for such fees must be resolved by AgriLogic and the AIP. Upon request, FCIC may provide the number of policies sold by each AIP. AgriLogic is

responsible for contacting those AIP's who sold the Texas Citrus Tree plan of insurance, as applicable, to arrange for payment of the user fee. If you have any questions regarding the user fees, please contact your Reinsurance Services Account Representative.