

IS-19-004

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Date

June 18, 2019

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Delores Dean, Acting Deputy Administrator for Insurance Services

Subject

User Fee Notification – Actual Production History (APH) Clary Sage, Area Risk Protection Insurance (ARPI) Popcorn, Margin Protection, and Malting Barley Endorsement

The Federal Crop Insurance Act (Act) allows developers of approved privately-developed crop insurance products (“508(h) products”) to maintain their 508(h) products and charge a user fee to approved insurance providers (AIP) that elect to sell the policy. Section 522(b)(4)(D)(ii) of the Act and 7 C.F.R. 400.712(l)(5) provide that the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) will determine the reasonableness and approve the amount of user fee that is payable to the developer by the AIP. The user fee is owed by the AIP and cannot be passed on to producers as an increase in premium or an administrative charge.

Watts and Associates, Inc., the developers of ARPI Popcorn plan of insurance, Margin Protection plan of insurance, and Malting Barley Endorsement; and Crop Insurance Systems, Inc., the developers of APH Clary Sage plan of insurance, advised the Board of their intent to continue maintenance of these 508(h) products and charge a user fee to approved insurance providers (AIP).

On June 5, 2019, the Board approved the following user fee amounts and annual caps:

Beginning with the 2020 reinsurance year:

1. APH Clary Sage, 2.50% per premium dollar, not to exceed a total annual amount of \$22,000;
2. ARPI Popcorn, 1.06% per premium dollar, not to exceed a total annual amount of \$22,300;
3. Margin Protection, 0.40% per premium dollar, not to exceed a total annual amount of \$256,100;
4. Malt Barley Endorsement, 1.45% per premium dollar, not to exceed a total annual amount of \$140,650; and

Beginning with the 2021 reinsurance year:

1. Malt Barley Endorsement, 1.20% per premium dollar, not to exceed a total annual amount of \$115,650.

The regulation provides that it is the developer's responsibility to collect the fees from AIPs, and any indebtedness for such fees must be resolved by the developer and the AIP. In accordance with Informational Memorandum PM-18-031, "User Fee Billing and Collection Process", the Risk Management Agency (RMA) will provide the developer and AIP with applicable crop insurance data, the amount of user fee, and any applicable cap.

If you have any questions regarding the user fees, please contact Chandra Mason, Policy Administration Branch at 816-926-3875 or Chandra.Mason@usda.gov.