

IS-18-004

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Date

February 21, 2018

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Robert Ibarra Deputy Administrator for Insurance Services

Subject

Livestock Risk Protection – Fed Cattle/Feeder Cattle/Swine – User Fee Notification

Applied Analytics Group (AAG), the developers of the Livestock Risk Protection – Fed Cattle/Feeder Cattle/Swine (LRP-Fed Cattle/Feeder Cattle/Swine) plans of insurance, advised the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) of their intent to continue maintenance of the LRP-Fed Cattle/Feeder Cattle/Swine plans 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 maintain approved 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 Board will determine the reasonableness and approve the amount of user fee that is payable to the applicant 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.

On February 13, 2018, the Board approved a user fee in the amount of 0.1% per earned premium dollar or \$6 per policy earning premium, not to exceed a total annual amount of \$15,000 for all policies covered under the LRP-Fed Cattle/Feeder Cattle/Swine plans of insurance beginning with the 2019 reinsurance year. The Board will review the user fee in future years to ensure that the amount is

representative of the maintenance costs for the product.

The regulation provides that it is AAG's responsibility to collect the fees from AIPs, and any indebtedness for such fees must be resolved by AAG and the AIP. Upon request, FCIC may provide the amount of premium earned by each AIP to AAG.

If you have any questions regarding the user fees, please contact the Deputy Administrator at deputyadministrator@rma.usda.gov.

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