



United States
Department of
Agriculture

Risk
Management
Agency

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INFORMATIONAL MEMORANDUM: 06-001

**TO: All Reinsurance Companies
All Risk Management Agency Field Offices
All Other Interested Parties**

**FROM: William J. Murphy /s/ Craig A. Witt for 12/8/2006
Deputy Administrator for Insurance Services**

SUBJECT: Separation of Sales and Loss Adjusting Activities - Amended

BACKGROUND:

On October 10, 2006, the Risk Management Agency (RMA) issued an Informational Memorandum regarding the separation of sales and loss adjustment activities. The Informational Memorandum interpreted section IV.F.4 of the Standard Reinsurance Agreement (SRA) to mean that, a relative of a person engaged in sales related activities is prohibited from being involved in loss adjustment determination or verification in the same or adjoining county, regardless of the Company they are employed by. In addition, a relative of a person engaged in loss adjustment determination and verification is prohibited from being involved in sales related activities in the same or adjoining county, regardless of the Company they are employed by. This interpretation was based on the fact that section IV.F.4 of the SRA did not distinguish between activities for the Company or for another Company. After receiving numerous comments and further discussions with the Companies, RMA has determined that there is little or no vulnerability when a relative is working for a different Company.

ACTION:

RMA will not prohibit the following:

- A relative of a person engaged in loss adjustment determination or verification may be involved in sales related activities in the same or adjoining counties if each are employed by a different Company.
- A relative of a person engaged in sales related activities may be involved in loss adjustment determination or verification in the same or adjoining counties if each are employed by a different Company.

Nothing herein changes, modifies, or revises the obligations of persons and relatives employed by the same Company contained in section IV.F.4 of the SRA and in the October 10, 2006 Informational Memorandum.



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And Oversees All Programs Authorized Under
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