



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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INFORMATIONAL MEMORANDUM: IS-13-007

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Heather Manzano /s/ Heather Manzano 7/16/2013
Acting Deputy Administrator for Insurance Services

SUBJECT: Apiculture Plan of Insurance - User Fee Notification

On August 9, 2012, AgForce, Inc. (AgForce), the developers of the Apiculture plan of insurance advised the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) of their intent to maintain the Apiculture 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) provides that the Board will determine the reasonableness and approve the amount of user fee that is payable to the applicant by the AIP.

AgForce requested approval for a user fee in the amount of \$.035 per dollar amount of premium beginning with the 2013 reinsurance year. The Board determined this amount to be reasonable based on the previous four years of sales of Apiculture, and approved the maintenance fee. For the 2013 crop year, Apiculture sales increased dramatically. The user fee is to cover maintenance expenses for the plan of insurance as incurred by the submitter. Beginning with the 2014 crop year, the Board determined an appropriate Apiculture maintenance user fee equal to \$.035 per dollar amount of premium, but not to exceed \$155,000. If the user fee exceeds \$155,000, then \$155,000 will be divided by the total premium sold to determine a lower fee per dollar amount of premium to be paid by each AIP for Apiculture maintenance expenses.

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 AgForce's responsibility to collect the fees from AIP's, and any indebtedness for such fees must be resolved by AgForce and the AIP. Upon

request, FCIC may provide the premium amount for the policies sold by each AIP. AgForce is responsible for contacting those AIP's who sold the Apiculture 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.