INFORMATIONAL MEMORANDUM: IS-17-010

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

FROM: Robert Ibarra   */s/ Robert Ibarra*   6/8/2017
Deputy Administrator for Insurance Services

SUBJECT: Annual Forage – User Fee Notification

AgForce USA, Inc. (AgForce), the developers of the Annual Forage plan of insurance advised the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) of their intent to maintain the Annual Forage 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 maintain approved 508(h) products and charge a user fee to AIPs 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 September 21, 2016, the Board approved a user fee in the amount of 3.3% of earned premium, not to exceed a total annual amount of $250,000 for all policies covered under the Annual Forage plan of insurance beginning with the 2017 insurance 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 AgForce's responsibility to collect the fees from AIPs and any indebtedness for such fees must be resolved by AgForce and the AIP. Upon request, FCIC may provide the amount of premium earned by each AIP to AgForce.

If you have any questions regarding the user fees, please contact your Reinsurance Services Account Representative.