



United States
Department of
Agriculture

BULLETIN NO.: MGR-10-012.1

Farm and Foreign
Agricultural
Services

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

Risk
Management
Agency

FROM: William J. Murphy /s/ Michael A. Alston, for. 6/10/2011
Administrator

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SUBJECT: Guidance Regarding Section III(a)(2)(K) of the Standard Reinsurance Agreement (SRA)

BACKGROUND:

On October 22, 2010, the Risk Management Agency (RMA) issued MGR-10-012 providing guidance regarding the written acknowledgement referred to in section III(a)(2)(K) of the SRA, hereafter referred to as the covenant not to sue provision. Since its implementation, RMA has had requests to standardize language for the covenant not to sue provision from many approved insurance providers (AIPs). RMA and AIPs have developed language that will be eventually incorporated into the Document and Supplemental Standards Handbook (DSSH).

ACTION:

MGR-10-012 is amended to delete the last sentence of action item number 1, which required annual execution. If the covenant not to sue provision acknowledgements for the 2011 reinsurance year do not have specific references, or any other terminology that would limit their effect to the 2011 reinsurance year only, such acknowledgement may be considered effective for future reinsurance years. However, if existing acknowledgements of the covenant not to sue provision have a reinsurance year limitation, then a new acknowledgement without a reinsurance year limitation must be executed by the agent.

If an agent executes, or has previously executed, an acknowledgement of the covenant not to sue provision with no date limitation, then no other acknowledgement is needed as long as the executed acknowledgement is provided to each AIP for which the agent acts.

All other requirements of MGR-10-012 remain in effect.



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DISPOSAL DATE:

Until incorporated in the DSSH.