



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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BULLETIN NO.: MGR-13-012

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

FROM: Brandon Willis /s/ Michael Hand, for 12/31/2013
Administrator

SUBJECT: Standard Reinsurance Agreement: Appendix I
Section XI – Mediation, Arbitration, Litigation and Assistance

BACKGROUND:

The Standard Reinsurance Agreement (SRA) sets forth: 1) initial reporting requirements regarding disputes between policyholders and their Approved Insurance Provider (AIP); 2) continuing reporting requirements following a compromise or resolution of a dispute; and 3) provisions to follow in making a request for assistance. While these reporting requirements are not new (beginning in reinsurance year 2004 and each subsequent reinsurance year), this Bulletin provides modified procedures and guidelines to follow in submitting the required reports and replaces MGR-07-002. Nothing in this bulletin changes, modifies, or otherwise amends any requirements formally in SRA Section IV R. and currently in SRA Appendix I, Section XI.

ACTION:

Approved Insurance Provider (AIP) Initial Dispute Reporting

- AIPs must notify the Risk Management Agency (RMA) of any dispute with a policyholder regarding an Eligible Crop Insurance Contract (ECIC) that is in mediation, arbitration, litigation or legal action, within 30 days after the Company has been notified of such dispute. (See, former *SRA Section IV, Subsection R (3)* and current *SRA Appendix I, Section XI. (c)*). Submissions outside the 30 days are considered time bared and will not be considered for reinsurance. To notify RMA of such disputes, initially the AIP must:
 - a. Report the dispute through the Policy Acceptance Storage System (PASS) in accordance with Appendix III of the SRA, by sending the Dispute System Code and Dispute Notification Date on the applicable Type 14 Record, -“Insurance in Force”—reflective of the appropriate dispute action (i.e. mediation “M”, arbitration “A”, litigation “L”, or legal action “O”).
 - b. Submit a letter to RMA which provides the following information concerning the dispute at issue:
 - i. Name of AIP;
 - ii. Full Name of Case;

- iii. Legal Proceeding Type, Location and Case Number if Available;
- iv. Date Case Initiated;
- v. Date AIP Received Notice of Dispute;
- vi. Policy Number and Year at Issue; and
- c. Provide a copy of all documents initiating the proceeding.

AIP's Continued Reporting Requirements when Requesting Payment:

- RMA will not pay ultimate net losses for ECICs in any case that has settled or otherwise been resolved, including by arbitration or mediation, unless the AIP submits the following report with its request for payment (See, former *SRA Section IV, Subsection R (5) (b)*) and current *SRA Appendix I, Section XI (e) (2)*) and RMA has determined that the award is not nullified (See, 7 *C.F.R. Part 457.8 20(a)(1) and (2)*):
 - a. A cover letter that includes the full name of the AIP or AIPs involved and the date the dispute was entered into PASS;
 - b. All written statements from the arbitrator describing the issue in dispute, the factual findings, the determinations and the amount and basis for any award;
 - c. All settlement agreements, that contain at a minimum, a factual statement, a statement of the issues in dispute, the arbitrator's findings and the amount of the settlement;
 - d. All written opinions of the court or proceedings; all pleadings filed in the case;
 - e. A letter disclosing whether the AIP intends to seek reinsurance on the award/settlement amount and the basis upon which it seeks such reinsurance; and
 - f. Any other documentation requested by RMA.

Note: All required documents must be submitted by electronic mail to:
RMA.Disputes@RMA.usda.gov.

RMA Considerations:

RMA will review all the submitted documents to determine if the award should be paid, see, *Common Crop Insurance Policy 7 C.F.R. Part 457.8 [for Reinsured Policies] Section 20(a)(1)(2)(h)*, former *SRA Section IV, Subsection R (3)* and current *SRA Appendix I, Section XI. (c)*) and former *SRA Section IV, Subsection R (5) (b)* and current *SRA Appendix I, Section XI (e) (2)*). In considering whether to pay the award, RMA looks at:

- a. Has the AIP met its dispute-reporting burden?
- b. Did the arbitrator decide the award based on an issue that is considered an interpretation of RMA policy? If so, and such interpretation was not provided by FCIC the award will be nullified.
- c. Did the arbitrator determine that the award was based in whole or in part on Agent or loss adjuster error? In such circumstances RMA will further investigate the AIP's conduct before a payment determination is made.

DISPOSAL DATE:

This Manager's Bulletin will expire when rescinded.