



United States
Department of
Agriculture

Risk
Management
Agency

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November 30, 2009

INFORMATIONAL MEMORANDUM: PM-09-056

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

FROM: Tim B. Witt /s/ *Tim B. Witt*
Deputy Administrator

SUBJECT: Publication of Actuarial Rating Review Report

BACKGROUND:

The Risk Management Agency (RMA) periodically reviews its premium rating methodology. Over the past several years, RMA has engaged contractors and conducted internal assessments of various elements of its premium rating methodology. In 2009, RMA entered into a contract to comprehensively review all aspects of the Actual Production History (APH) and revenue rating methodologies. The contractor reviewed numerous prior studies undertaken as well as the rating methodologies used by RMA. The contractor also considered alternative rating methodologies; reviewed the use of historical experience in the rating methodology and reviewed the rating methodology to be used for RMA's revised Common Crop Insurance Regulations, Basic Provisions, commonly known as Combo.

ACTION:

RMA is publishing the initial contracted report as well as prior contracted and internal RMA studies considered by the contractor on RMA's web site for public review and comment. "A *Comprehensive Review of the RMA APH and COMBO Rating Methodology Draft Final Report*" has been posted at <http://www.rma.usda.gov/pubs/>. This report will be available for public review and comment until January 4, 2010. Please send all comments to actuarial@rma.usda.gov.

DISPOSAL DATE:

January 5, 2010.



The Risk Management Agency Administers
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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