



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

INFORMATIONAL MEMORANDUM

TO: All Reinsured Companies
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Kenneth D. Ackerman /s/ John Zirschky 6-16-00
Administrator

SUBJECT: Agricultural Risk Protection Act of 2000 Implementation

ISSUE:

The Agricultural Risk Protection Act of 2000 (2000 Act) has not yet been signed into law by the President. However, since it is expected that the bill will be signed into law shortly, the Risk Management Agency (RMA) has established an implementation team to identify the required program changes and those responsible for completing these changes.

DISCUSSION:

Recognizing the expectations that some portions of the 2000 Act will be implemented for this fall, RMA is aggressively working to publish regulations regarding changes to the Actual Production History program and revised administrative fees for those policies with a June 30 contract change date. RMA appreciates how short this time line is and that the possibility that the regulations could be delayed in spite of the efforts being made to publish them on time is less than acceptable. We have made getting these two regulations completed by June 30 our priority.

RMA will also issue an amendment to the Standard Reinsurance Agreement to be executed before June 30 to address the following provisions as required by the 2000 Act: revisions to definitions, producer fees, and loss adjustment expense for catastrophic risk protection (CAT); to incorporate provisions regarding the payment of CAT fees on the behalf of the producer; disclosure of subsidies on the Summary of Coverage; the collection and protection of certain information and data; and, the submission of information through electronic methods.



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RMA and the reinsured companies will need to work closely together over the next few months to realize the full intent of the impending program changes. RMA has tentatively scheduled a conference call with company representatives for June 23, 2000, to discuss implementation and industry concerns relative to the 2000 Act.

DISPOSAL DATE:

This informational memorandum does not change existing policy or procedure and is for the purpose of transmitting information. The expiration date is December 31, 2000.