

**E-Commerce Conference Call  
July 26, 2000**

Participants:

Producers Lloyds - Ben Latham  
American Farm Bureau - John Benarik  
Hartford - Lanny Remmers  
Farm Bureau Mutual - Oscar Olsen  
Farmer's Mutual Hail - Ron Rutledge  
RCIS - Dan Rosenstein  
Linda Vickers  
Great American - Ron Brichler  
Tim Weber  
Country Hail Mutual - Bill Nissen  
NAU/AgForce - Greg Deal  
Elliot Konschak  
Darryl Durum  
Fireman's Fund - Janice Ratliff  
J-Hill Software - Jim Alexander  
Heartland - Mike Miller  
Wade Schuler  
RHIS - Randy Thomas  
- Tom Witthoft  
Acceptance - Mike Gottschalk  
Nikki Widler  
Crop Hail Management - Kevin Scally  
PIA - Pat Borowski  
NCIS - Bob Parkerson  
Tom Zacharias  
AACI - Stephan Frerichs  
CIRB - Paul Horel  
NACIA - Harlan Rise

Michael Keating  
Ernie Hayahsi - OIG  
Ken Ackerman  
John Zirschky  
Nelson Maurice  
Tim Hoffmann  
Bob Prchal  
Account Executives  
Heyward Baker

**Electronic Commerce Implementation Overview:**

Reviewed the requirements of the various Acts regarding E-commerce, specifically the Freedom the E-File Act. Also reviewed the Timeline for submitting RMA's Implementation Plan to Congress. Received a question regarding the tight timeframes. I stated that we wanted to keep the timeframes close because of our desire to have a draft in the process by October 1. However, I did note that based on what could be accomplished during the Baltimore meeting, this timeframe may become more fluid.

John Zirschky - Brief discussion of acreage reconciliation project with FSA. This touches on the issue of sharing acreage reports between FSA and FCIC programs.

## **RMA Website:**

RHIS, Randy Thomas - No RMA forms. Will the link be to insurance provider's Website? If so, then, company forms can be accessed. Insurance providers responsibility, link to companies w/forms available; forms education is not RMA's role.

HB- thanks for the comments RMA intends to link with insurance providers' Websites where forms and other information would be provided. .

Great American, Ron Brichler - Concern w/form approval. Forms submitted are company specific. Standardization of form? Different forms could be confusing to public. Standardization may confuse policyholders because of the differences in Company forms.

NAU/AgForce, Elliott Konschak - Don't put forms on the RMA Web. Information only. What is being provided now is fine. But companies who choose to provide forms can do so.

NAU, Daryl Durum - How many links? How will farmer have access? Equal access to all providers? Will all insurance providers be required to provide links?

HB - Links will be provided by all insurance providers, such as an icon responsive to one click linking to insurance providers' Website. Farmers who can access the Internet either through their own computer or a computer for public use. We would hope that all insurance providers would provide a link for their Website.

RMA, Tim Hoffmann - Agent locator w/links already exists on RMA Website.

HB - If you visit State Farm's Website they provide their own agent locator process; this may be more like the model insurance providers should use. RMA really doesn't need to provide this type of access to crop insurance agents. If the agent locator was via insurance provider's Website could better track these potential sales leads for future follow-up.

Heartland, Mike Miller - Have company logo with link to marketing pitch (promo). 1/4 screen. Who would get what first position? Several other participants acknowledged these questions.

HB- Logo would be the link to the insurance provider Website. When the logo is touched with the mouse, a drop down promo on the company could be launched. The promo would be provided by the insurance provider. RMA would hope that all insurance providers would provide their logo touch links to the insurance provider's Website.

PIA, Pat Borowski - have links to non-insurance providers, i.e., PIA. Link purpose - directly to PIA Website, to access forms, identify agent (make appt, obtain info) Allow public to clearly identify participating providers.

HB - While this is a good idea, RMA is mainly concerned with providing policyholders access to insurance providers. We would prefer that each insurance provider determine the methods used to identify agents through the Internet because there are certain internal control advantages to doing so.

## **The Internet:**

No substantive comments

## **Electronic Signatures Act:**

PIA, Pat Borowski - coordinate as industry discussion w/NAIC. Coordinate thru states and their regulations; Departments of Insurance as to where and when signatures are required. NAIC Model Acts governing electronic signatures may not be adopted by all states.

HB - It is not our intent to duplicate a regulatory process. We believe that such activities will be regulated by individual states; however, there is a possibility that USDA may want to provide guidelines in the use of electronic signatures for USDA programs. Except for regulations specific to the Federal crop insurance program, RMA long-standing position is to let state insurance regulators regulate the conduct of insurance.

PIA, Pat Borowski - Don't create extra requirements. Issue of consumer protection. Is E-signature defensible - NAIC white paper covers issue.

AACI, Stephan - What is RMA's position on E-signature as a regulator? Are there any regs on hard copy signatures? Why would RMA care about the form E-signatures may take; should be a company decision.

HB - our comments regarding Departmental regulations are circumspect. We do not know if USDA will promulgate any regulation or feel a need to enforce consumer protections regarding the use of electronic signatures in USDA programs. This will be explored. Certain forms require signatures such as the application, acreage report, APH Production and Yield Report, Claim for Indemnity, etc.. In the next week or two, RMA will provide any updates regarding the status of any USDA regulations. It is not our intent to regulate what is commonly understood to be under the jurisdiction of individual states.

Producers Lloyds, Ben Latham - Agreement is between us and who signs forms.

Acceptance, Mike Gottschalk - Producers transferring one company to another - new company needs to know about signature. Company verifies or guarantees signatures.

## **GIS/GPS Technology:**

No substantive discussion

## **Loss Adjustment Process:**

NAU/AgForce. Elliott Korschak - Quality control - sales agents can not determine acres for claim purposes. Agents may measure acres for acreage report purposes.

HB - That is correct. Agents are not allowed to make loss adjustment determinations. Only a loss adjuster can do this.

## **Insurance Providers:**

AACI, Stephan Frerichs - Timing on filing implementation plan. Why the short timeframes. There is not enough time for Companies to turn in information by September 6 after the August 29 and 30 Baltimore meeting if that is where the final plan will be discussed. Will you have decided on the final plan by the end of August. Why do you need all of this information?

HB - The timeframes are short to allow us time to begin clearance of RMA's plan by October 1.

It is understood that timeframes are short. May not need a detailed plan by the Baltimore meeting. We would need to determine the process as to what the implementation plan would address.

### **Crop Insurance Agents:**

HB - Licensed agents by law will be selling and servicing crop insurance policies. It will be up to the individual insurance provider to determine the scope of the agent in selling and servicing crop insurance over the Internet. The background of the issue paper provides some information regarding how certain insurance providers view the role of the agent.

PIA - comments covered by this background.

### **NAIC Activities:**

HB - The NAIC will provide a speaker to discuss insurance regulation and E-commerce at the Baltimore meeting.

Great American, Ron Brichler - naic.com should be naic.org

HB - A typographical error; please excuse it.

### **E-Business Implementation Plan:**

NAU, Darryl Durum - Why does the plan need to be resubmitted each year?

HB - Like the Plan of Operations, it should be submitted each year to capture updates which may be necessary to address changes in technology, who is allowed access for the purposes of servicing policyholder through the Internet, esp. Agents who become capable of servicing the business online.

Country Mutual, Bill Nissen - Item #13. What is purpose for copy of info?

HB - To demonstrate compliance with the various Statutes. RMA must be able to review documentation to determine compliance.

Acceptance, Mike Gottschalk. - Item #6. Each physical address, URL or address?

HB - We now require the insurance provider to inform us as to where original insurance documents are kept. This is much the same information for agents or other offices that provide Internet access, URL addresses, etc.

AACI, Stephan - 1 Jul 2001 effective date? Company will file w/2002 plan. What is RMA's position.

HB - The Amendment to the SRA effective for the 2001 reinsurance year provides that insurance providers file their plan to provide policyholders access for the electronic filing and retrieval of insurance documents. This would correspond to that requirement for the 2001 reinsurance year.

NAU, Daryl - 6 Sep - outline provided. Detail plan submitted w/ plan.

HB- Considering the comments on the timeframes, we will review this deadline. We should have more information regarding this issue in the next few weeks.

Iowa Farm Bureau, Oscar Olsen - When will we know exact specs for the E-Business process. Need info so that we can prepare outline and plan.

HB - We hope to address some of these concerns in the next few weeks. One objective of the Baltimore meeting will be to resolve the type of plan and the information we will need to properly

file RMA's plan with the Congress. RMA's plan would most likely address the process rather than the specifics regarding implementation.

### **Baltimore Meeting:**

1<sup>st</sup> day: Speakers - NAIC, Ins. Industry and Departmental spokesperson

2<sup>nd</sup> day: Working sessions to prepare outline of implementation plan.

### **Possible Discussion Issues:**

1) The form of electronic signature RMA will accept.

Too soon to tell; will most likely be governed by State regulation unless the USDA addresses in a rulemaking.

2) The regulations/standards/disclosures needed to comply with the various laws.

Same as No. 1.

3) The role of the crop insurance agent.

Covered in our discussion of the issue paper.

4) Savings generated by electronic sales and service.

5) Status of the premium reduction regulation.

Premium reduction and the process for defining an efficiency has not been published. The Office of the General Counsel is still evaluating the impacts of the Agriculture Risk Protection Act of 2000 on the pending regulation. We hope to revise the rule to address any needed changes as soon as possible. RMA should have more information regarding the status of the rule in the next couple of weeks. If we can legally publish all or a portion without additional comment, we will move in that direction.

6) The role of RMA, i.e. standardization of E-commerce: forms, E-signatures, storage/retrieval of insurance documents, program compliance.

RMA will take the role of a regulator when it comes to the administration of the crop insurance program. We will yield to state regulations that do not conflict with our own regulations. Issues regarding storage/retrieval/security of data are still being explored. RMA will not produce forms for the purposes of education, sales, etc.. This is an insurance provider responsibility

7) Education components for 508(h) and FCIC products.

Received no comments.

8) Costs related to E-commerce implementation.

Does RMA consider this an unfunded mandate? Insurance providers are given an administrative expense and operating subsidy under the Standard Reinsurance Agreement. There is no authority to provide any compensation for E-commerce implementation.

9) Implementation plan and the Standard Reinsurance Agreement Plan of Operations?

Plans will be filed with an insurance provider's plan of operation per Amendment No. 3.

10) Producer access to the Internet.

11) Large v. Small farmers (cherry-picking).

RMA expressed concern that large farmers may benefit from E-commerce more than smaller farmers. This is a market issue which may need to be addressed.

12) Submitting proposals.

Timeframes may require adjustment. RMA may not require detailed implementation plans from insurance providers under these timeframes.