



United States Department of Agriculture
Farm and Foreign Agricultural Services
Risk Management Agency

March 6, 2003

BULLETIN NO.: MGR-03-005

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

FROM: Ross J. Davidson, Jr. /s/ Ross J. Davidson,, Jr.
Administrator

SUBJECT: Assignment of American Growers Insurance Company Fall Crop
Policies

BACKGROUND:

In accordance with MGR-02-022 outlining procedures for the transfer of Federally reinsured crop policies written by American Growers Insurance Company (Growers) under the 2003 Standard Reinsurance Agreement (SRA), the following guidelines outline the assignment process to be used for those policies not moved from Growers to another Approved Insurance Provider (AIP) by the required deadlines.

The assignment of all Federally reinsured policies written by Growers to an AIP in accordance with MGR-02-022 applies to:

Fall Crop Policies, defined as those Grower policies with sales closing dates between July 1, 2002 and November 30, 2002, including policies with extended sales periods (e.g. nursery, certain citrus trees) that have not been assigned or transferred to another AIP by March 1, 2003.

ACTION:

A. Pre-Assignment Analysis and Criteria

Research and analysis will be performed to aid in the determination of a policy's assignment. This will include, but not be limited to:



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1. Evaluating each AIP's Plan of Operation to identify:
 - a. States in which the AIP is licensed to write and
 - b. The maximum approved premium writings for each AIP in accordance with their SRA and Standards for Approval.

2. An assessment of:
 - a. 2002 actual premium written;
 - b. An estimate of 2003 premium planned to be written by the AIP as submitted in their 2003 Plan of Operations and
 - c. An estimate of the amount of additional 2003 Growers premium (fall and spring crops) that has been assumed by each AIP.

3. Evaluate each AIP's market share by state before and after the transfer of Growers policies and determine a proportional share of each AIP's business to the total business to be written by all AIPs.

4. Policies will be randomly assigned to each AIP on a proportion basis on their market share and will, to the extent practicable:
 - a. Consider the availability of active agents for each AIP in the county and adjoining counties where the policies are located: and
 - b. Assign all crops on a policy with the same tax identification number to the same assuming AIP.

5. Assignments of policies will not exceed the maximum premium volume approved to be written in any state.

B. Fall Crop Assignment Process

1. On or about March 7, 2003, the assignment process will be initiated for the fall crop policies in accordance with A.

2. RMA will electronically provide to the assuming AIP via the RO server all available 2003 crop policy data at the time of assignment. This will include the "supplemental" information from Growers and all Data Acceptance System (DAS) Records except the Type 9-Fund Designation, Type 12-Payment, and Type 50-Supplemental Private Policy records.

3. RMA will provide Growers with a list indicating the approved AIP to which each crop policy has been assigned.
4. Each AIP must formally advise the policyholder of the transfer, an appropriate point of contact (agent, company, etc.) and that all transfer of coverage and right to indemnity and assignment of indemnity forms must be re-executed with the new agent.
5. On receipt of its transferred policies, each AIP must establish the producer's policy within its data system and transmit applicable policy records to RMA in accordance with the 2003 M-13 Data Acceptance Handbook.
6. Any crop policy that has not earned premium in any one of the last three crop years will not be assigned.
7. RMA reserves the right to revise these procedures if unanticipated problems arise during the transfer process.

DISPOSAL DATE:

The disposal Date for this bulletin is June 30, 2003.