

## **MGR-19-006: Increased Catastrophic Risk Protection Endorsement Administrative Fee**

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Date

March 14, 2019

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Martin R. Barbre, Administrator /s/ Martin R. Barbre

Subject

Increased Catastrophic Risk Protection Endorsement Administrative Fee

### **Background**

Section 11110 of the Agriculture Improvement Act of 2018 increased the Catastrophic Risk Protection (CAT) Endorsement administrative fee from \$300 to \$655 for each crop in the county.

The Federal Crop Insurance Act mandates that the Federal Crop Insurance Corporation (FCIC) offer a catastrophic risk protection plan to indemnify producers for decreases in yield due to natural causes of loss. It covers losses greater than 50 percent loss in yield, indemnified at 55 percent of the expected market price. FCIC generally subsidizes the entire premium amount.

### **Action**

The CAT Endorsement specifies the administrative fee amount as \$300 but allows the amount to be updated in the Special Provisions. Beginning with the April 30, 2019, contract change date, the Risk Management Agency will revise the CAT

Endorsement administrative fee to \$655 for each crop in the county through a Special Provisions statement for all insurance offers with catastrophic risk protection coverage until the change can be incorporated into the CAT Endorsement.

**DISPOSAL DATE:**

Until rescinded or incorporated into policy.