

COM-25-003: Rebating Frequently Asked Questions Update

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Date

August 21, 2025

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Francie Tolle, Deputy Administrator for Compliance, /S/ Gregory Green for

Subject

Rebating Frequently Asked Questions Update

BACKGROUND:

The Department of Agriculture (USDA), Risk Management Agency (RMA) has become aware of arrangements between Insurance Agencies that service Federal Crop Insurance Policies and third-party financial institutions that offer exclusive premium funding agreements to policyholders. This memo is to remind Federal Crop Insurance Program participants that rebating and inducements to purchase crop insurance are strictly prohibited by the Federal Crop Insurance Act (Act), the Standard Reinsurance Agreement (SRA), and the Livestock Price Reinsurance Agreement (LPRA), with limited exceptions authorized by the Act.

As this is a developing issue, RMA is actively monitoring the situation and we have updated our rebating frequently asked questions ([FAQ](#)) accordingly.

The following scenario is applicable to all insurance plans:

- Can an agent, agency, AIP or someone associated with the agent, agency, or AIP partner with or promote financial institutions offering exclusive premium funding agreements or additional services to policyholders as a method to offset some or all the insurance premium directly or indirectly? (FAQ Scenario I – “financial institutions” added)

All offers of additional discounts on a crop insurance premium, that are not specified in the crop insurance policy, are considered a **rebate**. RMA prohibits agents, agencies, and AIPs from partnering with or promoting any financial institution offering promissory notes or funding agreements *exclusively* to their policyholders, thereby providing exclusive premium financing options not available to policyholders of other agents, agencies, or AIPs.

RMA has been made aware of agents, agencies, or AIPs offering access to financial institutions as an inducement to obtain or retain a policyholder’s business. These financial institutions in turn create an exclusive offer with favorable terms and conditions to pay a policyholder’s crop insurance premium and, in return, assess a portion of the indemnity if there is a loss. This can result in either an interest-free loan or a premium discount if the indemnity does not cross a certain threshold. In certain instances, a policyholder’s entire premium may be covered, which is a rebate. Any similar scenarios which allow a producer to either extend the period in which to repay the premium, or never require that they repay the premium, are considered rebating. In accordance with section 508(a)(9) of the Act, insurance agents and persons associated with an agent are prohibited from offering rebates or other inducements in connection with the crop insurance policy other than what is expressly stated in the policy.

The purpose of the prohibition on rebating is to ensure an equal playing field for all AIPs and curtail any situation where policyholders of a certain agent, agency, or AIP are offered exclusive discounts or services that are not available to other policyholders to solicit and/or retain business. As such, if a financial institution is a freestanding company independent of any agent, agency, or AIP and offers the premium funding agreement opportunities to *any and all* producers, this is not considered rebating.

To summarize, no agent, agency, AIP, or person associated with an agent, agency, or AIP, can offer, nor can a policyholder receive any *exclusive* financial services or options that would provide a method to pay or be credited, either directly or

indirectly for the insurance premium in part or full. Any agent, agency, or AIP that does so will be in direct violation of the Act and all other applicable federal statutes which may result in criminal and/or civil penalties including administrative sanctions.

ACTION:

Any agent, agency, or AIP, who participates in or offers any scheme to gain or provide a rebate, inducement, or additional benefits otherwise not obtainable in the crop insurance policy will be found to be in violation of section 508(a)(9) of the Act and subject to sanction under section 1515(h) of the Act. Any agent, agency, or AIP that is approached with third-party financial institution premium funding agreements should verify that the offers are not exclusive to one insurance agency or AIP. If RMA becomes aware of the existence of these agreements, we will require that you provide all applicable documentation so that we can review and ascertain if it is a rebating violation.

DISPOSAL:

Effective until superseded or rescinded.