

MGR-25-009: Agent Compensation - Third Party Software Payments

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Date

November 20, 2025

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Patricia Swanson, Administrator /s/ Patricia Swanson

Subject

Agent Compensation – Third Party Software Payments

BACKGROUND:

Agent compensation limitations were first implemented for the 2011 reinsurance year. These limitations were added as a result of an Approved Insurance Provider (AIP) which failed after paying out more agent compensation than it received in Administrative and Operating Expense (A&O) during a high loss year. To ensure AIPs have enough funds to service policies and adjust losses, the SRA includes a cap on agent compensation, which is described in Section III(a)(4).

RMA subsequently released MGR-10-011.1, IS-11-006, and FAQs due to questions raised by AIPs asking RMA to provide guidance regarding what scheme or devices have been identified by RMA to circumvent the limitations in section III(a)(4)(E) of the SRA.

“A scheme or device is the making of a payment or benefit that meets the requirements for compensation paid to persons involved in the direct sale and service of eligible crop insurance contracts when such benefit or payment should be

counted as compensation.”

Further, in determining whether a particular action is a scheme or device, RMA has taken into consideration whether the action would provide the means for the AIP to provide a payment or benefit in addition to the commission, salary, bonuses, and other payments or benefits customarily included in the agent contracts and not otherwise excluded from compensation.

ACTION:

In accordance with the 2026 SRA part IV(g) RMA is requesting documentation for third party computer software and licensing fees paid for and provided by an AIP to an agent, agency or affiliate for providing eligible crop insurance contracts (ECIC) for the 2026 reinsurance year. As part of this request, please submit the following information to RMA at SM.FPAC.RMA.ReinsuranceServices@usda.gov within the next 10 business days:

- Provide a brief description of the software or programming purchased from a third party and provided to agents and agencies and how it aids in sales and service of ECIC.
- Provide a description of the 2026 reinsurance year expenses paid or estimated to be paid by the AIP to a third party to obtain the software or license.
- Provide whether the software or licensing fee counts as agent compensation? Yes or No. If your answer is No, please provide an explanation why this is not considered agent compensation.
- Provide whether the AIP makes the software or license available to all agent/agencies who write with the AIP or is it only provided to a select group? If provided only to a select group describe why this group needs this software and is there a reason other agents/agencies do not need it.
- Provide your third-party contracts and any applicable marketing materials provided to the AIP for software and programming purchases which aid in the sales and service of ECIC by agents and agencies.

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