



To: All Agents, Adjusters, Employees, and other Affiliated Persons

From: Rodney Clark

Subject: Non-Compliance

On December 18, 2008, FCIC published a Final Rule amending the existing regulations governing administrative remedies for non-compliance. This ruling is far reaching and it is important that you read and understand the implications it has for each of us involved with administering the federal crop insurance program.

Under the Final Rule, any producer, agent, loss adjuster, insurance provider and their employees and contractors, and any other person who (i) willfully and knowingly provides any false information to FCIC or an Approved Insurance Provider with respect to any policy or plan of insurance or (ii) willfully and intentionally failed to comply with a requirement of FCIC may be subject to remedial administrative remedies.

These remedies may mean disqualification from participating in the Federal crop insurance program. Producers that violate the rule will be disqualified from receiving benefits under other U.S. Department of Agriculture programs.

FCIC also has increased the civil fines that may be imposed. FCIC may impose a civil fine and still require the repayment of any overpaid indemnity or overstated premium that may result from an action that they deem to be intentional or fraudulent.

To state it simply, this ruling significantly clarifies the Department's intent to seek out and prosecute those that abuse the federal crop insurance program.

I highly recommend that anyone involved with the program read and understand the regulation and feel free to share it with your insureds or anyone else involved. You may view a copy of the ruling at RMA website under "Law and Regulations" at <http://www.rma.usda.gov/regs/2008/sanctionsfr.pdf>.

If you have questions, feel free to contact your account representative.

A handwritten signature in black ink that reads "Rodney Clark".