

Subpart N—Disaster Assistance Act of 1988; Procedures for Implementation

insurance issued under the Federal Crop Insurance Act.

[54 FR 24318, June 7, 1989, as amended at 58 FR 36593, July 8, 1993]

SOURCE: 54 FR 24318, June 7, 1989, unless otherwise noted.

§ 400.252 Implementation and expense reimbursement.

§ 400.250 General statement.

Crop insurance coverage, required by various disaster acts or disaster provisions to be made available to any producer identified by the Agricultural Stabilization and Conservation Service (ASCS) as having suffered a crop loss of 65 percent or more, unless the requirement for such crop insurance coverage is waived under the provisions of various disaster acts or disaster provisions, may be made available through any agent or company under the terms and conditions of the contract or agreement such agent or company may have with FCIC. Agents under an Agency Sales and Service Contract and companies under a Reinsurance Agreement with FCIC are required to sign an amendment to the contract or agreement agreeing to a reduction in expense reimbursement for evidence of a policy of crop insurance issued under the requirements of various disaster acts or disaster provisions. Such expense reimbursement:

The Disaster Assistance Act of 1988, subsequent disaster acts and disaster provisions in subsequent acts and the Rural Development Act (7 U.S.C. 1961 *et seq.*) have required that, subject to certain provisions in those enactments, procedures on a farm, in order to be eligible to receive benefits under the various provisions, would be required to purchase Federal crop insurance when the disaster for which benefits are being obtained are related to a peril which should be covered under the insurance policy. Most of these legislative provisions require that regulations be promulgated to provide for a reduction in the commissions paid to private insurance agents, brokers, or companies on contracts for crop insurance entered into under such disaster provisions. Said reductions must be sufficient to reflect that such insurance contracts principally involve only a servicing function to be performed by the agent, broker, or company.

[58 FR 36593, July 8, 1993]

(a) Will not be reduced if the producer:

§ 400.251 Purpose and applicability.

(1) Had crop insurance under the Federal Crop Insurance Act during the crop year for which the payment or other benefit is being sought under the various disaster acts or disaster provisions and said insurance has been continued into the next crop year;

(a) It is the purpose of these regulations to provide the procedures for implementing the various disaster acts and disaster provisions which require the purchase of crop insurance issued under the Federal Crop Insurance Act, by requiring a reduction in the compensation rate to the agent, broker, or company under contract or agreement with FCIC.

(2) Furnishes evidence of insurance coverage (copy of the completed, filed application or policy confirmation) for the next crop year for the crop for which the payment or other benefit under various disaster acts or disaster provisions is being requested, to the ASCS county office at the time of application for the disaster payment or other benefit under various disaster acts or disaster provisions; or

(b) The provisions contained in this subpart shall be applicable to all holders of an Agency Sales and Service Contract (herein referred to as "agency") or a Reinsurance Agreement (herein referred to as "company") with FCIC, and shall be applicable on all crop insurance contracts for crops entered into to comply with the requirements of various disaster acts or provisions requiring the purchase of crop in-

(3) Has, under the provisions of various disaster acts or disaster provisions, received a waiver of the requirement to obtain crop insurance coverage.

(b) Will be reduced in the amount of 1½ percent of base premium when the