DATE: December 14, 2007

TO: All Approved Multi-Peril Crop Insurance Providers

FROM: Commissioner Walter Bell, Alabama Department of Insurance
       Commissioner Julie Benafield Bowman, Arkansas Department of Insurance
       Director Christina Urias, Arizona Department of Insurance
       Acting Commissioner John P. Camacho, Department of Revenue & Taxation, Insurance
       Branch, Government of Guam
       Commissioner Susan Voss, Iowa Division of Insurance
       Interim Commissioner Jim Atterholt, Indiana Department of Insurance
       Director Michael McRaith, Illinois Division of Insurance
       Commissioner Sandy Praeger, Kansas Department of Insurance
       Commissioner James J. Donelon, Louisiana Department of Insurance
       Superintendent Eric Cioppa, Maine Bureau of Insurance
       Commissioner Glenn Wilson, Minnesota Department of Commerce
       Director Doug Ommen, Missouri Department of Insurance
       Commissioner John Morrison, Montana Department of Insurance
       Commissioner Adam Hamm, North Dakota Department of Insurance
       Director Ann Frohman, Nebraska Department of Insurance
       Superintendent Morris Chavez, New Mexico Department of Insurance
       Commissioner Alice Molasky-Arman, Nevada Division of Insurance
       Director Mary Jo Hudson, Ohio Department of Insurance
       Commissioner Kim Holland, Oklahoma Department of Insurance
       Acting Insurance Administrator Carl Lundberg, Oregon Insurance Division
       Acting Commissioner Joel Ario, Pennsylvania Insurance Department
       Director Merle Scheiber, South Dakota Division of Insurance
       Commissioner Leslie Newman, Tennessee Department of Commerce & Insurance
       Commissioner Mike Geeslin, Texas Department of Insurance
       Commissioner Kent Michie, Utah Department of Insurance
       Commissioner Mike Kreidler, Washington Office of the Insurance Commissioner
       Commissioner Sean Dilweg, Office of the Commissioner of Insurance
       Commissioner Jane L Cline, West Virginia Offices of the Insurance Commissioner

RE: State and Federal Rebating Enforcement Initiative

Dear Insurer:

This is to notify you that numerous states and Risk Management Agency (RMA) are launching an
initiative to increase the level of shared information between state insurance commissioners and
RMA relating to the Standard Reinsurance Agreement, specifically illegal rebating of Federal crop
insurance premiums, as well as other government insurance regulations.
Several states and RMA have determined that the incidents of illegal rebating of Federal crop insurance premiums have grown in recent years. It has also been observed that attempts to circumvent state rebating prohibitions have become increasingly prevalent and more complex. Examples of schemes with the hidden purpose of illegal rebating include the creation of special investment entities and the recruiting of producers as licensed sub-agents to write their own policies. Consequently, the states are pledging to cooperate with RMA to discover and end illegal rebating schemes. Specifically, the states will do the following:

- Notify RMA and other states when a Federal crop insurance rebating complaint or allegation is received;
- Provide RMA and other states background information on relevant past rebating investigations;
- Coordinate with RMA and other states on all new rebating investigations, as appropriate;
- Share with RMA and other state’s specialized rebating analyses (such as information generated from data mining);
- Share state and Federal legal expertise to review and analyze complex rebating schemes as well as other crop insurance issues;
- Inform RMA and other states of any assessment of penalties or sanctions taken by a state involving a rebate violation, and
- Take appropriate actions when violations of the respective laws are identified.

We are confident that this joint effort will produce results targeted at maintaining professional conduct and ethics in the marketplace. These procedures will enable the states and RMA to be better equipped to handle traditional illegal rebating and will enable both to have a better capability in identifying and targeting various schemes that have been especially devised to circumvent rebating prohibitions.

Given this increased sharing of information between state and Federal agencies, we expect to enhance our ability to uncover illegal rebating where or when it exists, and to be more effective in the enforcement of rebating prohibitions. We are especially intent on seeing the results of our efforts for the spring 2008 crop year selling period for Federal crop insurance.

You can assist us by ensuring that all of your employees, loss adjusters, affiliated agents and other interested parties are fully aware of the rebating laws, regulations and prohibitions, understand that serious penalties can result from illegal rebating, and have been notified of the coordinated efforts of state and Federal insurance regulators to address illegal acts.
Sincerely yours,

Mike Kondla
Director, SD

Terry Nelson
Commissioner, ND

Jim Neelands
Commissioner, OK

Mark

Director, Ohio Dept. of Insurance

Carl N. Lindberg
OR

Kathy McEger
KS

McS View of New Mexico

Phyllis F. O'Farrell, II

James Atterholt, IN

Susan & Dave, Iowa

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Mike Kondla
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John H. Brister

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John Minn

Scott Burkett

Shawn Nelson