



**United States
Department of
Agriculture**

Farm Production
and Conservation

Risk
Management
Agency

1400 Independence
Avenue, SW
Stop 0801
Washington, DC
20250-0801

Lauren G. Pachman, Esq.
Counsel and Director of Regulatory Affairs
National Association of Professional Insurance Agents
419 N. Lee Street
Alexandria, Virginia 22314

Dear Ms. Pachman:

Thank you for your letter dated March 7, 2023, requesting the Risk Management Agency (RMA) to revise the Administrative & Operating (A&O) limit calculation inflation factor. While RMA appreciates the hard work and dedication of the crop insurance agents in servicing America's farmers and ranchers, RMA cannot grant this request without a renegotiation of the Standard Reinsurance Agreement (SRA).

A&O reimbursement rates are a financial term of the SRA and cannot be changed without a renegotiation. The report language from the Consolidated Appropriations Act of 2023 does not supersede statutory language found at 7 U.S.C. 508(k)(8). Furthermore, the law requires that any negotiation be done in a manner that, to the maximum extent practicable, is budget neutral with regard to A&O payments and underwriting gains. At this time, RMA does not have plans to renegotiate the SRA, but any future renegotiation would focus on ensuring the program is administered in an equitable manner while maintaining budget neutrality, as required by law.

Once again, thank you for your letter and your continued service to the American farmer and rancher.

A copy of this letter will be shared with the other cosigners.

Sincerely,

Marcia Bungler
Administrator