

**STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Bulletin 2008-01-INS

In the Matter of

Insurance Crop Adjuster Licensing

**Issued and entered
this 25th day of February 2008
by Ken Ross
Commissioner**

The Commissioner has received questions from several adjusting firms regarding the necessity of requiring applicants who will only be adjusting losses under the Federal Crop Insurance Program (FCIP) to take a pre-licensing examination. This bulletin addresses those questions.

The FCIP is a subsidized insurance program that provides financial protection to agricultural producers against crop losses caused by natural disasters such as drought or flood. The crop insurance program is authorized by the Federal Crop Insurance Act (FCIA, 7 U.S.C. 1501, et. seq.) and is administered by the Federal Crop Insurance Corporation (FCIC), a wholly-owned government corporation and an agency of the United States Department of Agriculture (USDA). Multi-peril crop insurance (MPCI) is currently made available through private insurance companies, known as approved insurance providers (AIPs), that are approved and reinsured by the FCIC.

Each year, the FCIC publishes a standard reinsurance agreement (SRA). The SRA establishes terms and conditions under which the FCIC provides subsidies and reinsurance on eligible crop insurance contracts sold or reinsured by the insurance company named on the agreement. Section 11 A.6.a of the SRA requires an AIP to ensure that all of its loss adjusters are properly licensed by the State in which they are doing business, if required by the State, certified by FCIC, as applicable, and trained in accordance with Appendix IV of the SRA.

Appendix IV of the SRA for 2005 and subsequent years requires that before an AIP that underwrites MPCI may permit persons to adjust or sign any claim for any eligible crop insurance contract, the AIP must verify that an experienced adjuster has annually completed at least 18 hours of structured training in multi-peril crop adjusting. In addition, any new adjuster must have completed at least 60 hours of structured training in multi-peril crop adjusting (including at least 24 hours of classroom training). Appendix IV also requires all loss adjusters to pass a basic competency test (with all results maintained by each AIP) to determine their proficiency to accurately and correctly determine the amount of the loss and verify applicable information. AIPs are required to review the test results and document follow-up training initiatives for any

area of identified weakness on the part of any loss adjuster, including new and experienced adjusters. All loss adjusters and other applicable persons must retake and pass the competency test every three years. AIPs must obtain and have available upon request, documentation for any loss adjuster that has passed the basic competency test within the past three years with another AIP.

Section 1222 of the Michigan Insurance Code of 1956 (“Code”), MCL 500.1222, requires any person who adjusts loss or damage under a policy of insurance in Michigan to be licensed with the Commissioner as an adjuster. This includes those who adjust losses under the FCIP. The only exceptions to this requirement are for lawyers admitted to the practice of law in this state, licensed agents adjusting loss or damage under a policy within their control; employees of an insurer or a manager of an insurer authorized to transact insurance in this state adjusting loss or damage under a policy written by the insurer, or marine average adjusters.


The Commissioner may, but is not required to, subject each applicant for an insurance adjuster license to a written examination (MCL 500.1224). Currently, the Commissioner requires all applicants for an insurance adjuster’s license to take a pre-licensing examination that tests their general insurance knowledge, including applicants who will only be adjusting losses under the FCIP.

Because MPCCI is a unique coverage available only through the FCIP, effective as of the date of this bulletin, the Commissioner will begin issuing insurance adjuster licenses with only a MPCCI insurance qualification. Given the FCIC requirements for the training and testing the competency of MPCCI adjusters, the Commissioner will not require any applicant for an adjuster license with only a MPCCI qualification to take a state-administered pre-licensing examination. An applicant for an adjuster license with only a MPCCI qualification will be required to provide on the application form the name and NAIC number of an AIP for which the applicant adjusts MPCCI losses.

Any questions regarding this bulletin should be directed to:

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