



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF AGRICULTURE  
AND RURAL DEVELOPMENT

JAMIE CLOVER ADAMS  
DIRECTOR

September 22, 2015

TO ALL MICHIGAN GRAIN DEALERS:

This letter is to remind you that reinstatement of the Farm Produce Insurance Authority (FPIA) Program Assessment of two-tenths of one percent (0.002) becomes effective October 1, 2015. Please note that you will collect this reinstated Program Assessment in combination with the continuous Administrative Premium Assessment of fifteen-thousandths percent (0.00015) for a **total FPIA Assessment of 0.00215**. The Program and Administrative Assessments are to be calculated as a percentage of the net proceeds from all farm produce sold. For example, on \$100,000 of farm produce sold, the Administrative Assessment would be \$215.

The Administrative Premium Assessment of 0.00015 is a continuous assessment that began on January 1, 2013, to reimburse the Michigan Department of Agriculture and Rural Development for Producer Security Administration costs. The reinstated Program Assessment of 0.002 will be collected until the FPIA certifies that the Fund, excluding the proceeds of Administrative Assessment premiums assessed under Section 10, contains more than \$5,000,000 at the end of the preceding fiscal year.

This reinstatement is in response to \$3.5 million in FPIA's payments to producers from the 2014 failure of Lapeer Grain Company. These producer payments resulted in the FPIA Fund balance being \$2,467,513 as of December 31, 2014. Section 6(a) of the Farm Produce Insurance Act, PA 198 of 2003, as amended, states, "...In any year where the Board has certified that the Fund contained less than \$3,000,000 at the end of the preceding fiscal year, the obligation of each producer to pay and each licensee to collect producer premiums is reinstated."

Sections 10(4) and 11(3) of the FPIA requires a licensee to deduct the Administrative and Program Assessment premiums from the net proceeds when purchasing farm produce and to forward premium collections to the Authority for deposit in the Farm Produce Insurance Fund within 30 days of the close of each calendar year quarter. The licensee will be required to keep a record of these premium collections for at least three years, and the Department will be required to verify their accuracy. A grain producer who paid a premium may request and receive a refund of that premium but in doing so would become ineligible for participation in the Farm Produce Insurance Program.

For a copy of the legislation, please visit our website at [www.michigan.gov/graindealers](http://www.michigan.gov/graindealers). If you have any questions, please contact me by telephone at (517) 284-5642 or by email at [haarerj@michigan.gov](mailto:haarerj@michigan.gov). **We will have updated forms with the 0.00215 rate available some time in November.** Thank you for your cooperation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Haarer", with a long horizontal line extending to the right.

Jeff G. Haarer, CPA, JD, Manager  
Producer Security and Ag Products

JGH/hct