

Advisory Opinion - Crop Adjuster License

**COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF INSURANCE**

The following Advisory Opinion is to advise the reader of the current position of the Kentucky Office of Insurance (the "Office") on the specified issue. The Advisory Opinion is not legally binding on either the Office or the reader.

Kentucky Office of Insurance
Advisory Opinion 2007 - 02

TO: INSURERS PARTICIPATING IN THE FEDERAL CROP INSURANCE PROGRAM

FROM: JULIE MIX McPEAK, EXECUTIVE DIRECTOR, KENTUCKY OFFICE OF INSURANCE

RE: REQUIREMENTS FOR ADJUSTING FEDERAL CROP INSURANCE CLAIMS

The Kentucky Office of Insurance has received numerous inquiries regarding the state licensure requirements for adjusting crop insurance claims under the federal crop insurance program. This Advisory Opinion is being issued to communicate the Office of Insurance's position regarding state licensure.

The Risk Management Agency (RMA) oversees and administers the federal crop insurance program under the Federal Crop Insurance Act. Through this federal program, crop insurance is offered to qualified farmers through private crop insurance companies that sell crop insurance and adjust claims. With regard to the required licensure to adjust claims, the RMA has not established its own licensure requirements. Rather, the RMA defers to state insurance adjuster licensure requirements.

In general, Kentucky requires an individual acting as an adjuster to be licensed. However, pursuant to KRS 304.9-070(5), a license as an adjuster is not required of "[p]ersons performing adjusting services under their limited insurance agent's licenses for crop insurance pursuant to KRS 304.9-230." However, the Conflict of Interest Provisions in the Standard Reinsurance Agreement between RMA and the private insurance companies prohibit an individual from both selling insurance and adjusting claims in the same county or an adjacent county. When considering both Kentucky's statute and the conflict of interest provision in RMA's Standard Reinsurance Agreement, some confusion has arisen as to whether a Kentucky adjuster license is required to adjust federal crop insurance claims.

Through recent discussions with the RMA, the Office of Insurance has clarified the RMA will recognize that Kentucky's law does not require an adjuster license for an agent with a limited lines crop agent

license. Therefore, individuals that currently hold a limited insurance agent's license for crop insurance may adjust federal crop insurance claims without the need for additional licensure.

It should be noted that persons adjusting federal crop insurance claims must comply with other RMA requirements including, but not limited to:

1. Complying with the conflict of interest provision in the RMA contract; and
2. Receiving the proper training, as required in the RMA contract.

Additionally, it should be noted that there may be additional impermissible conflicts and persons adjusting crop claims should review the conflict of interest provisions in the RMA Standard Reinsurance Agreement prior to adjusting claims

This Advisory Opinion is intended to give insurers and adjusters proper notice of adjuster licensing requirements under the federal crop insurance program. Insurers are charged with notifying their adjusters of these requirements.

Julie Mix McPeak, Executive Director
Kentucky Office of Insurance

Date: September 12, 2007