

FARM PRODUCE INSURANCE ACT (EXCERPT)
Act 198 of 2003

285.320 Administrative premium.

Sec. 10. (1) Except as otherwise provided in this section, each producer shall pay to the authority an administrative premium in an amount determined by the board under subsection (2). When the farm produce is sold to a licensee, the licensee shall deduct the administrative premium from the proceeds of sale and pay the premium to the authority on behalf of the producer as provided in subsection (4).

(2) For any calendar year beginning in 2013, the board may establish an administrative premium described in subsection (1). All of the following apply to the amount of an administrative premium established by the board for a calendar year.

(a) The amount of a producer's premium shall be calculated as a percentage of the net proceeds from all farm produce sold by the producer to a licensee in this state.

(b) The amount of the premium shall reflect the board's determination of the amount of money that is necessary to reimburse the director for producer security activities.

(c) The board shall consider past and projected costs over a 2-year period in establishing the amount of the premium.

(3) An administrative premium imposed under this section is in addition to any other fees or assessments required by law.

(4) When purchasing farm produce from a producer, a licensee or its agent or representative shall deduct the administrative premium described in subsection (1) from the proceeds of sale and notify the producer of the amount of the deduction in writing. The licensee shall forward the administrative premium to the authority for deposit into the fund on behalf of the producer within 30 days of the close of each calendar quarter.

(5) If the board establishes, adjusts, or eliminates an administrative premium under subsection (2) for a calendar year, the board shall notify the department in writing of that action at least 120 days before January 1 of that calendar year, and the department by first-class mail shall notify each licensee of the requirements of subsection (4) at least 90 days before January 1 of that calendar year.

(6) A licensee shall clearly indicate in its books and records the individual administrative premiums collected by the licensee under subsection (4) and retain those books and records for at least 3 years. A licensee shall make the portion of the books and records of the licensee reflecting the administrative premiums collected available for inspection by the director during regular business hours. The department shall take steps reasonably necessary to verify the accuracy of the portion of the licensee's books and records that reflect the administrative premiums collected.

History: Add. 2012, Act 149, Imd. Eff. May 30, 2012.