

**FARM PRODUCE INSURANCE ACT (EXCERPT)**  
**Act 198 of 2003**

**285.321 Producer premium; limitation; payment; deduction from proceeds; notice to producer; forwarding for deposit into fund; books and records; availability for inspection or verification; certification of amount of money in fund.**

Sec. 11.

(1) Except as provided in this section, beginning January 1, 2005, each producer shall pay to the authority a producer premium of not more than 0.2% of the net proceeds from all farm produce sold by the producer to a licensee in this state. If the farm produce is sold to a licensee, the licensee shall deduct the producer premium from the proceeds of sale and pay the premium to the authority on behalf of the producer as provided in subsection (3).

(2) A producer premium imposed under this section is in addition to any other fees or assessments required by law.

(3) Beginning January 1, 2005, when purchasing farm produce from a producer, a licensee or its agent or representative shall deduct the producer 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 producer premium to the authority for deposit into the fund on behalf of the producer within 30 days of the close of each quarter of the fiscal year.

(4) A licensee shall clearly indicate in its books and records the individual producer premiums collected by the licensee under subsection (3) 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 producer 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 producer premiums collected. The board shall reimburse the department for the costs related to the verification from the fund as an administrative expense under section 9(2).

(5) At each annual meeting, the board shall certify the amount of money in the fund at the end of the preceding fiscal year. A producer shall continue to pay and a licensee shall continue to collect producer premiums until the board certifies that the fund, excluding the proceeds of administrative premiums assessed under section 10, contained more than \$10,000,000.00 at the end of the preceding fiscal year. In any fiscal year where the board has certified that the fund, excluding the proceeds of administrative premiums assessed under section 10, contained more than \$10,000,000.00 at the end of the preceding fiscal year, a producer is not required to pay and a licensee is not required to collect producer premiums until 1 of the following occurs:

(a) The board certifies that the fund contained less than \$3,000,000.00 at the end of the preceding fiscal year. In any year where the board has certified that the fund contained less than \$3,000,000.00 at the end of the preceding fiscal year, the obligation of each producer to pay and each licensee to collect producer premiums is reinstated.

(b) The obligation of each producer to pay and each licensee to collect producer premiums is reinstated in any fiscal year in which all of the following are met:

(i) The board certifies that the fund contained at least \$3,000,000.00 at the end of the preceding fiscal year.

(ii) The board is aware of a failure of a licensee.

(iii) As determined by the board, the amount required to satisfy valid claims equals or exceeds the amount of money in the fund.

**History:** 2003, Act 198, Imd. Eff. Nov. 10, 2003 ;-- Am. 2012, Act 149, Imd. Eff. May 30, 2012 ;-- Am. 2016, Act 264, Eff. Sept. 26, 2016