

Risk Management Agency Interpretation of Federal Crop Insurance Corporation Provisions:

Subject: Request dated April 13, 2021, to the Risk Management Agency (RMA) for an interpretation of whether section 9(g) of the 2019 Whole-Farm Revenue Protection (WFRP) Pilot Policy allows an Approved Insurance Provider (AIP) to reduce the expected yield or expected value for a commodity after coverage has attached and the AIP has reviewed and approved the revenue.

The relevant policy provision provided by the requestor is section 9(g):

9. Coverage

...

(g) *We will reduce your approved revenue and any indemnity or deny coverage at any time we become aware that the information used to determine your approved revenue is incorrect or is not supported by verifiable records. Your premium will be adjusted to reflect any revised approved revenue.*

Interpretation Submitted by Requestor(s)

The requestor's interpretation of section 9(g) of the 2019 WFRP Policy is an AIP is authorized to reduce the yield or expected price for a commodity and make any resulting reductions to approved revenue and/or indemnity "at any time" it is determined the expected yield, expected value, or other information used to determine the insured's approved revenue "is incorrect or is not supported by verifiable records." The requestor interprets the phrase "at any time" to mean that such a reduction can occur after coverage attaches, including during adjustment of the claim. For example, if, during the adjustment of a claim, the AIP determines that a commodity's yield or expected value was not established in accordance with the terms of the WFRP policy or handbook or is not supported by verifiable records, the AIP may revise the yield or expected value and reduce coverage accordingly. The requestor's interpretation of section 9(g) has been adopted by the FCIC in other cases, most recently in WFRP Interpretation of Procedure PM-C-20-181 (published on the RMA's website).

Federal Crop Insurance Corporation Determination

FCIC agrees with the requestor's interpretation that section 9(g) of the 2019 WFRP Pilot Policy authorizes the AIP to reduce the expected yield or expected value for a commodity and make any resulting reductions to the insured's approved revenue and/or indemnity, at any time, it is determined the expected yield, expected value, or other information used to determine the insured's approved revenue is incorrect or not supported by verifiable records.

In accordance with section 33(a)(1) of the WFRP Pilot Policy, this FCIC interpretation is generally applicable and binding in any mediation or arbitration. In accordance with section 33(a)(1), any appeal of this interpretation must be in accordance with 7 C.F.R. part 11.