

**Risk Management Agency Interpretation of Federal Crop Insurance Corporation Provisions:**

**Subject:** Request dated March 8, 2021, to the Risk Management Agency (RMA) for an interpretation for the 2018 policy year in the determination of whether section 9(g) of the 2018 Whole-Farm Revenue Protection (WFRP) Pilot Policy allows an Approved Insurance Provide (AIP) to cancel or terminate a policy if they believe the information provided by the insured is incorrect, not supported by verifiable records, or they cannot reconcile the information on the Schedule F forms with information on the Substitute Schedule F forms they requested.

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 first requester's interpretation is that section 9(g) specifically allows the AIP to, "reduce approved revenue and any indemnity or deny coverage at any time we become aware that the information used to determine [the insured's] approved revenue is incorrect or is not supported by verifiable records. [The insured's] premium will be adjusted to reflect any revised approved revenue." The first requester also interprets this section to not, however, state that the AIP has authority to cancel or terminate an insurance policy if the AIP believes that information provided by the insured is incorrect, not supported by verifiable records, or the AIP cannot reconcile the information on Schedule F forms with information on Substitute Schedule F forms it requested. It is also the first requester's interpretation that section 9(g) only allows the AIP to reduce approved revenue or indemnity, or deny coverage for a claim for indemnity, but section 9(g) cannot be relied upon by the AIP to cancel or terminate a WFRP policy, as nowhere in this section does it refer to an AIP's right to cancel coverage. The first requester believes this interpretation is consistent with Section 4, which enumerates the specific grounds on which the policy can be cancelled. It is a continuous policy and cannot be cancelled for any reason by the AIP.

The second requester interprets section 9(g) as it does not expressly provide for the cancellation of the policy, the section permits the company to reduce approved revenue, including reducing the approved revenue to zero (0), at any time the company discovers the information is incorrect or is not supported by verifiable records, including after coverage attaches or a notice of loss is filed. In addition, the second requester interprets section 9(g) to not prohibit the cancellation of a policy authorized by other sections of the WFRP Pilot Policy.

**Federal Crop Insurance Corporation Determination**

FCIC agrees with the first requester's interpretation that section 9(g) of the 2018 WFRP Pilot Policy authorizes the AIP to reduce the insured's approved revenue, at any time, when it is determined the information used to determine the insured's approved revenue is incorrect or cannot be verified. FCIC also agrees with the second requester's interpretation that the reduction in approved revenue can be to zero (0), including after coverage attaches or a notice of loss is submitted. Furthermore, FCIC agrees with the first requester's interpretation that section 9(g) does not explicitly give an AIP the authority to

cancel or terminate a WFRP policy. However, FCIC also agrees with the second requester's interpretation that section 9(g) does not prohibit the cancellation of a WFRP policy when authorized by another section of the 2018 WFRP Pilot Policy; specifically, when the AIP requests additional information to verify what has been reported by the insured and that information results in the insured or the insured's farm operation not meeting the requirements of eligibility per section 3 of the 2018 WFRP Pilot Policy.

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.