

MGR-20-011

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Date

April 23, 2020

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Martin R. Barbre, Administrator

Subject

Relief for Initial Year of Hurricane Insurance Protection-Wind Index (HIP-WI)

Background

The Hurricane Insurance Protection-Wind Index (HIP-WI) Endorsement contains acreage limitations designed to avoid moral hazard of a policyholder increasing acreage in anticipation of a hurricane impacting their county. To prevent these actions, HIP-WI limits eligible acreage when a loss is triggered in the county before the acreage reporting date (ARD) plus 14 days to the lesser of: the acreage contained in an intended acreage report submitted by the underlying policy's sales closing date (SCD); or the actual acreage planted and reported on the acreage report.

Concerns have been raised that if a hurricane occurs prior to the ARD plus 14 days in 2020, policyholders for crops such as cotton and corn will not have any eligible acres because the SCD for the underlying crop policies occurred before HIP-WI became available. Although the SCD for electing HIP-WI for this initial year is April 30, 2020, for crops with a SCD on or before April 30, 2020, HIP-WI requires the intended acreage report be filed by the SCD of the underlying crop policy. For crops with SCDs occurring prior to April 30, 2020, in some cases as early as January 31,

2020, that is an impossible criterion to meet since HIP-WI Endorsement and procedures did not become available until late February.

Action

For the initial year of HIP-WI availability, for policies with a SCD on or before April 30, 2020, the following applies:

- Approved Insurance Providers may accept an intended acreage report, for HIP-WI purposes only, from the policyholder by the HIP-WI SCD instead of the SCD of the underlying crop policy.
- If a county is triggered for an indemnity due to a qualifying event prior to the underlying crop policy's ARD plus 14 days, the number of eligible acres will be limited to the lesser of:
 - the acres contained in the intended acreage report; or
 - the acres planted and reported on the current crop year's acreage report.
- In the event a policyholder does not submit an intended acreage report this initial year of HIP-WI implementation, the number of eligible acres will be limited to the lesser of:
 - the number of acres planted and reported on the current crop year's acreage report; or
 - the highest number of planted acres in any one of the immediate past four crop years.
- The allowances provided in MGR 20-009 regarding policyholders' signatures also apply to HIP-WI intended acreage reports.

DISPOSAL DATE:

December 31, 2020