# Final Agency Determination: FAD-306

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**Subject:** A joint request dated September 20, 2021, submitted to the Risk Management Agency (RMA) for a final agency determination of section 3(f)(3) of the 2020 Common Crop Insurance Policy (CCIP) Basic Provisions, published at 7 C.F.R. § 457.8. This request is pursuant to 7 C.F.R. § 400, Subpart X.

**References:**

The 2020 CCIP Basic Provisions provisions, as applicable are:

***3. Insurance Guarantees, Coverage Levels, and Prices***

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*(f) You must report all production of the crop (insured and uninsured) to us for the previous crop year by the earlier of the acreage reporting date or 45 days after the cancellation date, unless otherwise stated in the Special Provisions or as specified in section 18:*

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*(3) Production and acreage for the prior crop year must be reported for each proposed optional unit by the production reporting date, unless otherwise specified in the Special Provisions. If you do not provide the information stated above, the optional units will be combined into the basic unit.*

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The 2020 General Standards Handbook (GSH), as applicable are:

**Exhibit 1**

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**B. Definitions**

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***Production Reporting Date*** **-** *CCIP* **-** *The latest date production reports will be accepted for inclusion in the APH database used to calculate approved APH yields for the current crop year. The PRD is the earlier of the ARD or 45 calendar days after the earliest cancellation date for the crop for the current crop year unless otherwise stated in the SP. If a crop has both a spring and fall SCD, and Application for insurance is made after the fall/winter SCD or land is added after the PRD (e.g., leased after the PRD) on which the spring type will be planted, the initial PRD is the earlier of the ARD or 45 calendar days after the spring SCD. If Application is made after the fall/winter SCD and acreage is planted for that type, insurance is not available for the crop until the subsequent crop year.*

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First Requestor's Interpretation:

The first requestor interprets section 3(f)(3) of the CCIP Basic Provisions to mean that if the information required is not properly reported for the prior crop year, the only optional units that can be combined into a basic unit for the current crop year are those optional units which were insured during the prior crop year and for which production and acreage needed to be and could be reported. Additionally, the first requestor provides that any proposed optional units that were not farmed in any prior years and therefore had no production that could be reported by the Production Reporting Date (PRD) are not to be combined into the basic unit in the current crop year.

Second Requestor's Interpretation:

The second requestor interprets section 3(f)(3) of the CCIP Basic Provisions to mean that optional units will be combined into a basic unit if the policyholder fails to report the prior crop year's production and acreage by the PRD and does not limit the collapse of optional units to only those units insured during the prior crop year. Additionally, the second requestor provides that the provision does not state that only the optional units insured in the prior crop year will be combined. Rather,

section 3(f)(3) states that “the optional units will be combined,” meaning that all optional units insured in the current year will be collapsed into a basic unit.

**Final Agency Determination**

FCIC agrees with second requestor that optional units will be combined into the basic unit if the policyholder fails to report the prior crop year’s production and acreage by the PRD. Therefore, if a policyholder has multiple basic units with optional units, only the optional units formed from each basic unit are combined. For example, if a policyholder has basic unit 0001 and 0002 each with optional units (1) 0001-0001OU; and (2) 0001-0002 OU and (1) 0002-0001OU; and (2) 0002-0002 OU. The optional units formed from basic unit 0001 would be combined and then likewise for basic unit 0002. The optional units for basic unit 0001 and 0002 are not combined into a single basic unit. As provided in section 3(f)(3) of the CCIP Basic Provisions, if production and acreage for the prior crop year is not reported for **each** proposed optional unit by the PRD, unless otherwise specified in the Special Provisions; optional units are combined into **the** basic unit from which they were formed. This would include all optional units insured in the crop year, including proposed optional units in policyholder’s operation.

In accordance with 7 C.F.R. § 400.766(b)(2), this FAD is binding on all participants in the Federal crop insurance program for the crop years the policy provisions are in effect. Any appeal of this decision must be in accordance with 7 C.F.R. § 400.766(b)(5).

***Date of Issue:*** December 16, 2021