

## **Final Agency Determination: FAD-324**

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**Subject:** Request received February 7, 2025, to the Risk Management Agency (RMA) requesting a Final Agency Determination for the 2022 crop year regarding the interpretation of section 20(b)(1) of the Common Crop Insurance Policy, Basic Provisions (CCIP Basic Provisions), published at 7 C.F.R. § 457.8. This request is pursuant to 7 C.F.R. § 400, subpart X.

**Reference:**

The relevant policy provisions are:

The 2022 CCIP Basic Provisions state, in relevant part:

**20. Mediation, Arbitration, Appeal, Reconsideration, and Administrative and Judicial Review**

(b) Regardless of whether mediation is elected:

(1) You must initiate arbitration proceedings within 1 year of the date we denied your claim or rendered the determination with which you disagree, whichever is later;

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FAD-245, published on RMA's website on November 19, 2015, states, in relevant part:

FCIC agrees with the requestor's interpretation. There is no ambiguity in the policy. Its plain meaning is that the insured has one year from the date of denial of the claim or receives any other determination with which the insured disagrees to file for arbitration. This is consistent with FAD-151 published on RMA's website, which states, "The one year date starts from the date the policyholder receives a determination to which the policyholder disagrees." Any further discussion, meeting,

or correspondence that may occur regarding the determination to which the policyholder disagrees is not a determination for the purposes of section 20(b) of the Basic Provisions that starts the one-year time period for arbitration. FCIC also agrees that the AIP cannot waive or extend the limitations period. Since the Basic Provisions are codified in the Code of Federal Regulations, they have the force of law. The one year time period must be strictly construed.

### **Interpretation Submitted**

The requestor interprets the phrase “we denied your claim” as used in section 20(b)(1) of the CCIP Basic Provisions to mean the complete denial of a claim for any reason. If the approved insurance provider (AIP) pays an indemnity, even if the indemnity is less than the monetary amount the insured believes is due, the claim is not considered “denied.”

The requestor also interprets section 20(b)(1) to mean that if the AIP pays an indemnity on a claim in an amount that is less than the policyholder believes is due, the payment of the disputed indemnity constitutes the rendering of a determination by the AIP for purposes of triggering the 12-month limitations period established by section 20(b)(1) of the CCIP Basic Provisions. In addition, and consistent with FAD-245, any subsequent correspondence from the AIP denying the insured’s appeal of the original claim determination or rejecting the insured’s request to reopen the original claim is **not** a new or “other” determination for purposes of the 12-month limitations period in section 20(b)(1) of the CCIP Basic Provisions. (emphasis in original)

### **Final Agency Determination**

FCIC agrees with the requestor’s interpretation that the phrase “we denied your claim” as used in section 20(b)(1) of the CCIP Basic Provisions to mean the complete denial of a claim for any reason. If the approved insurance provider pays an indemnity less than an amount the insured believes is due, this is considered a “determination” but not a denial under section 20(b)(1) of the CCIP Basic Provisions.

FCIC also agrees with the requestor’s interpretation that the insured has 1 year from the date of denial of the claim or receipt of any other determination with which the insured disagrees to file for arbitration. The 1-year period to initiate arbitration proceedings starts from the date the policyholder receives a determination to which the policyholder disagrees. Any further discussion, meeting, correspondence, or

related action on appeal that may occur regarding the determination with which the policyholder disagrees is not a new determination for the purposes of section 20(b)(1) of the CCIP Basic Provisions that starts a new 1-year period to initiate arbitration proceedings.

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 Issued:** March 13, 2025