

Federal Crop Insurance Corporation Interpretation

Subject: Request dated April 14, 2025, submitted to the Risk Management Agency (RMA) for a Federal Crop Insurance Corporation (FCIC) interpretation for Section 22(c)(1) of the 2023 Whole-Farm Revenue Protection (WFRP) Pilot Policy.

Reference:

The relevant policy provisions from the 2023 WFRP Pilot Policy are:

22. *Your Duties in the Event of Damage or Loss*

(a) *You must provide us with a notice of loss within 72 hours of your initial discovery that any commodity insured under this policy has been damaged by a cause of loss that could result in a loss of production or reduction in value or that your allowable revenue for the policy year could fall below the insured revenue:*

(c) *You must notify us and obtain our consent before you abandon, dispose of, or destroy any damaged or undamaged insured commodities, or sell a commodity for any reason other than its intended purpose or to someone other than a disinterested third party.*

(1) *If we do not inspect the insured commodity within 15 days after notification, you may abandon, dispose of, sell, or destroy the insured commodity without our consent.*

Interpretation Submitted

The requestor interprets the 2023 WFRP Pilot Policy to require notice to the insurer from the insured when he becomes aware of a loss of crops under Section 22(a). The requestor interprets the policy requirements to depend upon the nature of the notice of the loss to the insurer and will require different actions by the insurer:

1. If the notice of the loss to the insurer is a complete loss, the requestor interprets that no other notice is required to the insurer at which point the Section 22(c)(1) subparagraph requirements become applicable and the insurer then has 15 days to inspect the damaged commodity. The requestor interprets that if the insurer fails to inspect the commodity after that initial complete loss notice, the insured then may abandon, dispose, sell, or destroy the commodity without the insurer's consent.
2. The requestor also interprets Section 22(a) to mean that if the notice of loss to the insurer is not a complete loss but will only cause a partial loss or reduced loss of the commodity, the insured will then be required to notify the insurer again, if the insured plans to abandon, or destroy the damaged commodity. There is no duty under this section for the insurer to inspect the commodity.

If the initial notice of loss does not notify the insurer of a total loss, then the insured will be under a duty to notify the insurer again once he determines the commodity is a total loss. There is thus a two-notice requirement under the partial loss notification before the insured is required by the policy to inspect the commodity within 15 days prior to destroying/abandoning the commodity without the insurer's consent.

In conclusion, the requestor believes the notice requirements prior to abandoning a commodity depends on the initial notice of loss and the extent of that initial notice of the total loss, as described in the scenarios above.

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FCIC disagrees with the requestor's interpretation that the notice requirement for Section 22(c) of the 2023 WFRP Pilot Policy depends on if the initial notice of loss required in Section 22(a) is for a total loss of the commodity. FCIC interprets Section 22(a) of the 2023 WFRP Pilot Policy to mean that the insured is required to notify their Approved Insurance Provider (AIP) of any damaged or undamaged commodity within 72 hours of initial discovery. Regardless of whether the initial notice is for a total or partial loss, Section 22(c) requires the insured to notify the AIP of their intent to abandon, dispose of, or destroy any damaged or undamaged insured commodities, or sell a commodity for any reason other than its intended purpose. FCIC does not interpret Sections 22(a) and 22(c) to require separate notifications. Rather, the insured may submit their initial notice of loss and their intention to abandon, dispose of, or destroy the commodity for which they provided a notice of loss at the same time. FCIC interprets Section 22(c)(1) to mean that if and when the insured notifies the AIP of their intention to abandon, dispose of, or destroy the insured damaged or undamaged commodity, the AIP has 15 days to perform the necessary inspection of the commodity, and if they do not then the insured may abandon, dispose of, sell, or destroy the commodity without consent of the AIP.

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

Date of Issue: May 23, 2025