

Sense of the Board

The Federal Crop Insurance Program is delivered in partnership with private Approved Insurance Providers (AIPs) that sell and service the policies. AIP involvement in the development and implementation process is vital to the success of new crop insurance programs approved by the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board). The FCIC Board believes it is critical to leverage the collective knowledge of the insurance industry in product development.

To promote transparency, improve submission quality, and streamline implementation, submitters are highly encouraged to share materials on a confidential basis (or waive confidentiality entirely, if preferred) with all AIPs early in the development process. The FCIC Board will look more favorably on submissions that show strong collaboration with industry partners as it is a sign of better marketability.

Regulations in 7 CFR part 400 subpart V, require an AIP to be a co-applicant on a submission. More specifically, the definition of “applicant” states that it “must include the AIP that has committed to be involved in the development and submission process...” This requirement was added in the 2016 final rule to amend 7 CFR part 400 subpart V to address AIP comments raising concerns that they needed to be more involved in the new crop insurance development and submission process.

The FCIC Board has concern that submitters are not adequately including applicant AIPs in the development of products. Similarly, the FCIC Board is concerned that applicant AIPs may not fully be aware of their responsibilities as applicant AIP. Submitters and AIPs should work closely together in the development of products to ensure better products for America’s farmers and ranchers and to ensure the products are actuarially sound, marketable, and not overly burdensome to the delivery system.

To ensure that all Concept Proposals and 508(h) submissions, including modifications to previously approved submissions, have an applicant AIP, the name and contact information of the applicant AIP must be clearly identified in the submission in accordance with 7 CFR §400.705(b)(1). The FCIC Board instructs RMA to reject any submission without the applicant AIP listed by the end of a submission window.

To allow the FCIC Board to determine whether the AIP is contributing to the development and submission process, and that proposed budget and timetable are reasonable in accordance with §400.706(c)(6), the proposed budget must clearly identify the hours the applicant AIP is expected to contribute to research and development and maintenance.

One of the criterion for approval of a submission is marketability. Both the applicant AIP and a secondary AIP are required to provide a marketability assessment in accordance with §400.705(e)(6). To help the FCIC Board assess marketability, the FCIC Board expects representatives of the identified applicant AIP and the secondary AIP with decision making authority to be present at the Board meetings when the submission is on the agenda. If the AIP representatives are not available at the Board meetings to answer questions, FCIC may not be able to determine whether the submission is expected to be marketable.

Product details often change from the concept proposal to the 508(h) submission stage. To assist the Board in determining marketability, separate marketability assessments must be completed and included in the submission at the concept proposal stage and the 508(h) submission stage to be considered complete.