

**Risk Management Agency Interpretation of FCIC Provisions:**

**Subject:** Request dated December 22, 2020, to the Risk Management Agency for an interpretation for the 2017 policy year in the determination of whether section 15(j)(2) of the 2017 Whole-Farm Revenue Protection (WFRP) Pilot Policy authorizes an Approved Insurance Provider (AIP) to revise an insured's commodity count or coverage level after coverage attaches.

The relevant policy provision provided by the requestor is section 15(j)(2):

**15 Required Reports**

(j) *You must provide, sign and certify all required reports and you are responsible for the accuracy of all information contained in those reports. You should verify the information on all reports prior to submitting them to us. If you submit information on any report that is different than what is determined to be correct and the information you originally submitted resulted in:*

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(2) *A higher insured revenue than the corrected insured revenue, the information contained in the Farm Operation Report will be revised to be consistent with the correct information and your insured revenue will be lowered to the correct amount.*

**Interpretation Submitted by Requestor(s)**

The first requester's interpretation is that section 9(b) of the WFRP Policy outlines that the AIP determines the commodity count based upon the requirements of section 19. Once an AIP makes this determination, the insured makes an election regarding coverage levels. See section 9(c). Section 15 requires the insured to submit and confirm certain information contained in their Intended Farm Operation Report, Revised Farm Operation Report, Final Farm Operation Report, and also to report if the insured makes changes to the commodities grown. While section 15(j) allows for revisions to the Farm Operation Report (FOR) if the insured submits information that is different than what is determined to be correct, this Section does not authorize such revisions if the AIP makes a determination that later proves to be incorrect but based upon the same information submitted by the insured.

The second requester states, as a prefatory note, section 9(b) of the WFRP Policy provides that the commodity count "must" be determined "according to section 19." The second requester interprets that if, during the loss adjustment process, the AIP determines that the commodity count reported on the FOR is greater than the number of commodities permitted under section 19 and this results in a higher revenue than permitted under the policy, section 15(j)(2) authorizes and allows the AIP to reduce the insured revenue to reflect the correct commodity count. Likewise, section 15(j)(2) permits the AIP to reduce or deny any indemnity due, as a result of the revising the insured revenue so that it is consistent with the correct commodity count.

**Federal Crop Insurance Corporation Determination**

FCIC disagrees with both requesters' interpretations. Section 15(j)(2) in the WFRP Pilot Policy only authorizes corrections when the insured reports different information than what was originally reported, and that information resulted in higher insured revenue than what was determined to be correct.

However, the interpretation must be read with an understanding of the underlying assumption that an insured's reports are filed correctly, and the insured's policy is underwritten following policy and procedure published by RMA (i.e., section 19 of the 2017 WFRP Pilot Policy and paragraph 41 of the WFRP Pilot Handbook). If it is later determined the WFRP pilot policy provisions or WFRP Pilot Handbook procedures were not applied correctly, the underwriting must be corrected to comply with the policy provisions. If the underwriting correction results in a lower commodity count than was originally determined and the insured does not qualify for the coverage level elected, the coverage level must be reduced to the highest coverage level the insured is eligible for per section 9(c)(2) of the WFRP Pilot Policy.

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