

**Risk Management Agency Interpretation of Federal Crop Insurance Corporation Provisions:**

**Subject:** Request dated March 8, 2021, to the Risk Management Agency (RMA) for an interpretation for the 2018 Whole-Farm Revenue Protection (WFRP) Pilot Policy regarding whether section 3(a)(3) and (4) requires an insured to submit a Substitute Schedule F to the approved insurance provider when the insured filed a Schedule F, that covers 100 percent of their farm operation, with the Internal Revenue Service (IRS).

The relevant policy provisions provided by the requestor section 3(a)(3) and (4):

**3. *Qualifying Person Criteria and Insurance Eligibility***

(a) *To be considered a qualifying person, you must:*

...

(3) *File either a Schedule F tax form or other farm tax forms that can be converted to a Substitute Schedule F;*

(4) *The Schedule F, or Substitute Schedule F, must cover 100 percent of your farm operation.*

**Interpretation Submitted by Requestor(s)**

The first requester's interpretation of section 3(a) of the WFRP Policy is when the insured files a Schedule F tax form with the IRS that covers 100% of their farming operations, they should not be required to also submit a Substitute Schedule F to the Approved Insurance Provider (AIP) because the AIP should rely solely on the Schedule F tax forms that were filed with the IRS. It is also the first requester's interpretation that, under section 3 of the Policy, it is improper and contrary to the Policy language for the AIP to request that the insured to fill out and submit a Substitute Schedule F after the insured actually filed Schedule F tax forms with the IRS for their farm operation and submitted the Schedule F forms with their application for the WFRP Policy, and accepted by the AIP. The first requester further believes that once the WFRP Policy has been issued to the insured and approved based upon the insured's Schedule F forms filed with the IRS for the five-year history period, the AIP cannot use information provided on a Substitute Schedule F to later cancel the policy or adjust coverage levels. The first requester interprets this section to prohibit the AIP from considering any information from a Substitute Schedule F when the insured has filed Schedule F tax forms with the IRS that cover 100% of their farming operation in accordance with section 3(a)(3) & (4) of the WFRP Policy. Similarly, the first requester believes that it is contrary to Section 3(a) of the Policy for the AIP to use information on Substitute Schedule F tax form to retroactively cancel the insured's policy after the policy was initially issued.

The second requester interprets that section 3(a) of the WFRP Policy sets forth the criteria that a person must meet to be considered a "Qualifying Person." If a person meets the minimum criteria for a "Qualifying Person," as defined in section 3(a), it simply means that the person is qualified to purchase a WFRP Policy. Being a "Qualified Person" does correlate to the amount of coverage or excuse an insured's obligation to comply with all conditions of the WFRP Policy. Eligibility for coverage, the determination of allowable expenses and revenue, and the amount of coverage is established based on the insured meeting all of the applicable requirements of the WFRP Policy.

**Federal Crop Insurance Corporation Determination**

FCIC disagrees with the first requester's interpretation that section 3(a) of the 2018 WFRP Pilot Policy that when an insured files a Schedule F tax form with the IRS that covers 100% of their farming operations, they should not be required to submit a Substitute Schedule F to the AIP. Section 3 of the WFRP Pilot Policy sets forth eligibility requirements and it does not describe what documents may be requested by the AIP. FCIC does agree with the first requester that an AIP may not request a Substitute Schedule F if a Schedule F is filed with the IRS. Sections 16(a)(1)(i), (ii), and (c)(1) states under what conditions the insured is required to submit a Substitute Schedule F. Although, FCIC agrees the AIP cannot request a Substitute Schedule F under the conditions stated above, additional information requested by the AIP and provided by the insured could affect the insured's eligibility for a WFRP policy under section 3 of the WFRP Pilot Policy. Failure to establish and maintain eligibility for the policy may lead to cancellation, denial, or adjustments to coverage per sections 15(i) or (j) of the policy.

FCIC agrees with the second requestor's interpretation that section 3(a) of the 2018 WFRP Pilot Policy sets forth the minimum requirements the insured must meet to be considered a "Qualified Person" for purposes of WFRP coverage. FCIC disagrees with the second requester's statement that "[b]eing a 'Qualified person' does correlate to the amount of coverage or excuse an insured's obligation ...." However, FCIC would agree if the statement read, "Being a 'Qualified Person' does not correlate to the amount of coverage or excuse an insured's obligation to comply with all conditions of the WFRP 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.