

Federal Crop Insurance Corporation Interpretation

Subject: Request dated February 25, 2025, submitted to the Risk Management Agency (RMA) for a Federal Crop Insurance Corporation (FCIC) interpretation for Section 4(f) of the 2022 Whole-Farm Revenue Protection (WFRP) Pilot Policy.

Reference:

The relevant policy provision from the 2022 WFRP Pilot Policy is:

4. *Life of Policy, Termination, and Cancellation*

- (f) *Any amount due to us for any policy authorized under the Act will be offset from any indemnity due you for this or any policy insured with us under the authority of the Act.*

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

- (c) *Any decision rendered in arbitration is binding on you and us unless judicial review is sought in accordance with section 33(b)(3). Notwithstanding any provision in the rules of the AAA, you and we have the right to judicial review of any decision rendered in arbitration.*

Interpretation Submitted

The requestor interprets Section 4(f) of the 2022 WFRP Pilot Policy to authorize an Approved Insurance Provider (AIP) to offset any indemnity due a policyholder with the premium that reflects the coverage under the policy. In the context of an arbitration, if an award issued in arbitration increases the coverage to which the policyholder is entitled and orders the AIP to pay an indemnity based on that increased coverage, Section 4(f) of the WFRP Pilot Policy authorizes and requires the AIP to offset the indemnity paid pursuant to the award and based on the coverage increase with any unpaid premium associated with the increased coverage even if the award does not specifically address the increased premium or state that the AIP may offset of the indemnity by additional premium.

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FCIC agrees with the requestor's interpretation for Section 4(f) of the 2022 WFRP Pilot Policy that an AIP is authorized and required to offset any indemnity due to a policyholder by the premium owed for the coverage provided by the policy. However, FCIC does not agree or disagree that Section 14(j) gives an AIP any authorization once an arbitration award is issued, as FCIC does not participate in that process. Furthermore, Section 33(c) of the 2022 WFRP Pilot Policy states that that any decision rendered in arbitration is binding on the insured and 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 of this interpretation must be in accordance with 7 C.F.R. part 11.

Date of Issue: April 4, 2025