

INFORMATIONAL MEMORANDUM: IS-17-007

DATE May 19, 2017

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Robert Ibarra Deputy Administrator for Insurance Services /s/ Robert Ibarra
5/19/2017

SUBJECT: Agents Submitting Notice of Loss on the Policyholder's Behalf

Background

On December 29, 2016, the Risk Management Agency (RMA) issued IS-16-006. RMA was asked to review the memorandum and revise it to clarify roles and expectations. This Informational Memorandum rescinds and replaces IS-16-006.

The Risk Management Agency (RMA) has identified isolated instances where agents have been submitting notices of loss for policies without prior notification to the policyholder. This practice violates the Federal Crop Insurance Corporation policy provisions and procedure, and the policyholder's rights under the terms and conditions of the policy. Section 14 of the Common Crop Insurance Policy, Basic Provisions (Basic Provisions) outlines duties, timeframes, and responsibilities for both the policyholder and the approved insurance provider (AIP) in the event of damage or loss, including the timeframes in which the policyholder must file a notice of loss.

Section 33 of the Basic Provisions states that all notices required to be given by the policyholder must be in writing and received by the crop insurance agent within the designated time, unless otherwise provided by the notice requirement. Paragraph 401 of the Loss Adjustment Manual, FCIC-25010, states it is the policyholder's responsibility to provide any prevented planting or notice of loss for insurable acreage within the prescribed time stated in the Basic Provisions, Endorsement or Crop Provisions.

Properly receiving and documenting a timely notice of loss protects the rights and responsibilities of the policyholder and allows the AIP to make timely assessments, determinations, and indemnification. Documenting a timely notice of loss submitted by the policyholder is important for both the policyholder and the AIP in the event of loss or dispute.

Action

AIPs are reminded that it is the policyholder's responsibility to submit a notice of loss in accordance with the terms of the policy. This directive is considered a requirement of the Federal Crop Insurance Corporation for the purposes of section 1515(h)(2) of the Federal Crop Insurance Act. Any agent who submits a notice of loss without providing notice to the policyholder will be considered to have violated this requirement. For a unit with multiple policyholders (landlord and tenant operator in share rent situation, etc.) the tenant operator may serve as the point of contact.