



Final Agency Determination: FAD-312

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Subject: A request dated July 12, 2022, submitted to the Risk Management Agency (RMA) for a final agency determination for the 2020 crop year of section 9(a)(2)(vii) of the Common Crop Insurance Policy (CCIP) Basic Provisions, published at 7 C.F.R. §457.8. This request is pursuant to 7 C.F.R. § 400, Subpart X.

Reference:

The 2019 CCIP Basic Provisions state, in relevant part:

Throughout this policy, “you” and “your” refer to the named insured shown on the accepted application and “we,” “us,” and “our” refer to the insurance company providing insurance. Unless the context indicates otherwise, use of the plural form of a word includes the singular and use of the singular form of the word includes the plural.

1. Definitions.

Written agreement - A document that alters designated terms of a policy as authorized under these Basic Provisions, the Crop Provisions, or the Special Provisions for the insured crop (see section 18).

9. Insurable Acreage.

(a) All acreage planted to the insured crop in the county in which you have a share:

(2) Is not insurable if:

(vii) The acreage is planted in any manner other than as specified in the policy provisions for the crop unless a written agreement specifically allows insurance for such planting;

18. Written Agreements.

Terms of this policy which are specifically designated for the use of written agreements may be altered by written agreement in accordance with the following:

(a) You must apply in writing for each written agreement (including renewal of a written agreement) no later than the sales closing date, except as provided in section 18(e);

(b) The application for a written agreement must contain all variable terms of the contract between you and us that will be in effect if the written agreement is not approved;

(c) If approved by FCIC, the written agreement will include all variable terms of the contract, including, but not limited to, the crop; practice, type or variety; guarantee; premium rate; and projected price, harvest price, price election or amount of insurance, as applicable, or the information needed to determine such variable terms. If the written agreement is for a county:

The Coarse Grains Crop Provisions, state in relevant part:

1. Definitions.

Planted acreage - In addition to the definition contained in the Basic Provisions, coarse grains must initially be planted in rows, unless otherwise provided by the Special Provisions, actuarial documents, or by written agreement.

Interpretation Submitted

The requestor seeks an interpretation of the meaning of the term “written agreement” referenced in section 9(a)(2)(vii) of the Basic Provisions.

As indicated above, acreage that is not planted as specified by the terms of the applicable policy provisions is not insurable unless a different method of planting is authorized by a “written agreement.” The requestor interprets the meaning of a “written agreement” referenced in section 9(a)(2)(vii) of the CCIP Basic Provisions to mean a written agreement for insurance as contemplated by the definition of “written agreement” set forth section 1 of the CCIP Basic Provisions and further illustrated in section 18 of the CCIP Basic Provisions.

A “written agreement” is a specifically defined term in the CCIP Basic Provisions. The concept of a “written agreement” is further clarified in section 18 of the CCIP Basic Provisions. Based on these two policy sections, a request for a written agreement is a formal policy process that must be timely initiated and requested by the policyholder and thereafter specifically approved by the Federal Crop Insurance Corporation (“FCIC”).

It is the requestor’s interpretation that the term “written agreement” as referenced in section 9(a)(2)(vii) of the CCIP Basic Provisions contemplates a written agreement for insurance as defined and more fully explained in sections 1 and 18 of the Basic Provisions; that is, a written agreement for insurance that is appropriately requested by the policyholder and is specifically approved and authorized by the FCIC. A Summary of Coverage or a Schedule of Insurance issued by an approved insurance provider does not constitute such a “written agreement.” Hence, acreage that is not planted in accordance with the terms of the applicable policy provisions would not be insurable unless a different planting method is authorized by a written agreement issued by the FCIC in the nature described in sections 1 and 18 of the CCIP Basic Provisions.

The requestor believes that a similar interpretation must be given to the term “written agreement” referenced in section 1 of the definition of “planted acreage” found in section 1 of the Coarse Grains Crop Provisions. Like a “written agreement” referenced in section 9(a)(2)(vii) of the CCIP Basic Provisions, the term “written agreement” in section 1 of the Coarse Grains Crop Provisions must also be a written agreement for insurance as that is timely requested by the policyholder and is specifically approved and authorized by the FCIC in accordance with sections 1 and 18 of the CCIP Basic Provisions.

Final Agency Determination

FCIC agrees with the requestor's interpretation. The phrase "written agreement" wherever it appears in the policy, including but not limited to the CCIP Basic Provisions and Coarse Grains Crop Provisions, has the defined meaning from section 1 of the CCIP Basic Provisions.

In accordance with 7 C.F.R. § 400.766(b)(2), this FAD is binding on all participants in the Federal crop insurance program for the crop years the policy provisions are in effect. Any appeal of this decision must be in accordance with 7 C.F.R. § 400.766(b)(5).

Date of Issue: August 3, 2022