

Internal Procedure For Approval Of Policies, Changes To Policies, and Certain Other Actions

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1. FCIC Board of Directors Approval and Expert Review Requirements

1. Definitions:

Act – The Federal Crop Insurance Act (7 U.S.C. 1501 et seq).

Board - The Board of Directors of FCIC.

Existing policy - All insurance policies that have been offered for sale to producers for at least one crop year.

Expansion - Extending the geographic area of coverage for a policy into another state or county, or extending the offer of new practices, types, class, or variety of an insurable crop within a county.

Expert review – Evaluation of insurance policies to be performed by experts contracted by the Board or its delegate in accordance with section 505(e) of the Act.

FCIC - Federal Crop Insurance Corporation, a wholly owned government corporation within the United States Department of Agriculture (USDA).

Maintenance - The normal periodic process of supporting, revising, and improving existing pilot policies, existing policies codified in the Code of Federal Regulations, and related materials. Includes revisions to existing policies and related materials submitted under section 508(h) of the Act that are not in response to changes to any term or condition of insurance, for example:

- A. The revision of price elections or amounts of insurance in response to the annual addition of new information;
- B. The revision of premium rates in response to the annual addition of the loss experience;

- C. The annual revision and issuance of related materials; and
- D. Non-significant changes.

New policy - A policy not previously available or reinsured by FCIC or that has been available for sale to producers for less than one crop year.

Non-significant –Minor changes to existing policies, such as technical corrections, that do not affect the rating or pricing methodologies, the amount of subsidy owed, the amount of coverage, the interests of producers, FCIC’s reinsurance risk, or any condition that may affect liability or the amount of loss to be paid under the policy. Any changes due to statutory or regulatory requirements or changes to existing policies approved by the Board under section 508(h) of the Act to incorporate changes made to existing policies codified in the Code of Federal Regulations are also considered as non-significant.

Pilot policy - Any insurance policy approved by the Board as a pilot in accordance with section 523(a) of the Act. The term “pilot policy” may apply to a new or existing policy.

Plan of insurance – A general structure for insurance that may be extended to one or more crops (e.g., actual production history and revenue coverage).

Policy – An insurance policy or plan of insurance (including endorsements or options), including those approved under sections 508, 522, or 523 of the Act, and that is reinsured by FCIC.

Related material - Actuarial documents (including Special Provisions of Insurance, actuarial addenda, producer premium percentage table, etc.), the Loss Adjustment Manual, crop-specific loss adjustment standards handbooks, Crop Insurance Handbook, Written Agreement Handbook, crop underwriting guides, etc.

RMA - Risk Management Agency, an agency within USDA.

2. Purpose

To provide general guidelines for use of the RMA and the Board in determining whether additions, revisions, or changes to new or existing policies and related materials must be submitted for:

- A. Expert review; and
- B. Approval by the Board.

3. Applicability

This procedure is applicable to all new and existing policies and related materials, including those approved by the Board under sections 508, 522, or 523 of the Act.

4. Actions Requiring Both Expert Review and Board Approval

The following must be submitted for expert review and then to the Board for approval prior to implementation (unless excepted in section 6 of this procedure):

- A. All new policies and related materials;
- B. All new pilot policies and related materials;
- C. Expansion of existing pilot policies or existing policies submitted under section 508(h) of the Act; except that expert review is not required if the Board determines:
 - 1) The policy has been operating in such a manner that the premium rates have proven to be actuarially appropriate;
 - 2) The interests of producers are protected and served;
 - 3) No program vulnerability problems have been identified; and
 - 4) The new premium rates and related materials are appropriate for the expanded area;
- D. Any modification to existing policies submitted to the Board under section 508(h) of the Act, including any related material and written agreements not authorized by the policy; and
- E. Adding a new crop (not previously reinsured by FCIC) to an existing policy.

5. Actions Requiring Board Approval But Not Expert Review

The following actions do not require expert review but must be approved by the Board prior to implementation:

- A. Reimbursement of research and development costs for a new or existing policy submitted under section 508(h) of the Act;
- B. Reimbursement of maintenance costs for an existing policy submitted under section 508(h) of the Act;
- C. Reimbursement of fees associated with the continued maintenance of an existing policy submitted under section 508(h) of the Act;
- D. Withdrawal of authority to insure or reinsure a crop for a state or county; and
- E. Removal of "pilot" status from an existing pilot policy.

6. Actions Requiring Neither Expert Review Nor Board Approval

The following actions for new or existing policies do not require expert review or Board approval prior to implementation:

- A. Changes to existing policies codified in the Code of Federal Regulations and pilot policies, except those approved under section 508(h) of the Act;
- B. Maintenance changes;
- C. Issuance of an individual written agreement that is currently authorized in the policy;
- D. Any revision of a new or existing policy or related materials if the same revision has been reviewed by experts and approved by the Board for another policy or plan of insurance.
- E. Expansion of existing policies that are codified in the Code of Federal Regulations.

**EXHIBIT 1: ACTIONS AND DOCUMENTS FOR WHICH EXPERT
REVIEWS AND BOARD APPROVAL ARE REQUIRED**

Processes/Actions	New Policies RMA	Existing Policies RMA	Policies Submitted Under Section 508(h) of the Act
New Policy	Both	N/A	Both
New Pilot	Both	N/A	Both
Expansion of an Existing Pilot Policy or 508(h) Policy	N/A	Both*	Both*
Removal of Pilot Status From an Existing Policy	N/A	Board Only	Board Only
Non-significant Change to Existing Policy	N/A	Neither	Neither
Changes to Existing Policy or Pilot Policy and Related Material	N/A	Neither	Both
Maintenance	Neither	Neither	Neither
Adding a Crop to an Existing Policy	N/A	Both	Both
Revisions to Existing Policy Required by Statute	Neither	Neither	Neither
Policy Modifications if the Same Modification Has Been Reviewed by Experts and Approved by the Board for Another Policy	N/A	Neither	Neither
Reimbursement of Research and Development Costs, Maintenance Costs, and Fees Associated with Maintenance of Policy Submitted Under Section 508(h)	Board Only	Board Only	Board Only
Withdrawal of Authority to Offer Policy or reinsurance for State or County	Board Only	Board Only	Board Only
Written Agreement for New or Existing Policy Where Authorized by the Policy	Neither	Neither	Neither

* Refer to section 4 C of this procedure for exception to requirement for expert review.