Navigating Crop Insurance Claims
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Professor Chad Marzen
Associate Professor of Legal Studies in Business
Florida State University
College of Business

I. Judicial Review of Crop Insurance Disputes

- Demand for Arbitration: 1-year requirement
- 7 C.F.R. § 457.8(f)(3) para. 20(h) & 7 C.F.R. § 457.8(f)(3) para. 20(i)

II. The Federal Crop Insurance Act and Preemption of State Law Claims

- 7 U.S.C. § 1506(l)
- 7 C.F.R. § 400.352(b)(4)
- FAD-240 (Aug. 26, 2015)
- FAD-251 (Dec. 17, 2015)

III. Traditional Rule – State Law and Bad Faith Claims

- *Williams Farms of Homestead, Inc. v. Rain and Hail Insurance Services, Inc.*, 121 F.3d 630 (11th Cir. 1997) (holding breach of contract claims are not preempted by the Federal Crop Insurance Act)
- Other Courts Rejecting Preemption of State Law Claims: *Bullard v. Southwest Crop Insurance Agency, Inc.*, 984 F.Supp. 531, 538 (E.D. Tex. 1997); *Meyer v. Conlon*, 162 F.3d 1264, 1269-1270 (10th Cir. 1998); *Rio Grande Underwriters, Inc. v. Pitts Farms, Inc.*, 276 F.3d 683, 687 (5th Cir. 2001); *Agre v. Rain & Hail, LLC*, 196 F.Supp.2d 905, 911 (D. Minn. 2002) & *Nobles v. Rural Community Insurance Services*, 303 F.Supp.2d 1292, 1298 (M.D. Ala. 2004)

IV. Post FAD-240 and FAD-251 Court Decisions

- *Dixon v. Producers Agriculture Insurance Company*, 198 F.Supp.3d 832 (M.D. Tenn. 2016) – "The Court finds that to the extent Plaintiffs are claiming they suffered a pecuniary loss – and their alleged damages are rooted in ProAg representative [name of representative] alleged false information, through Defendant's agents [name of agents], that Plaintiffs' land was insurable and they need not obtain written agreement from the RMA, such claims are not preempted under the FCIA, federal regulations, or the policy terms." – *Id.* at 841.

- *Zych v. Haugen*, Case A16-2082, 2017 WL 3222325 (Minn. Ct. App. 2017) – Minnesota Court of Appeals upholds trial court's dismissal of insureds' negligence claim due to preemption.
- *J.O.C. Farms, LLC v. Fireman's Fund Insurance Company*, 737 Fed.Appx. 652 (4th Cir. 2018) – "We conclude that the district court properly dismissed these state law claims in reliance on these contract and regulatory provisions. While the FCIA and FCIC regulations were not intended to completely foreclose state law claims against private insurers providing policies reinsured by the FCIC, we agree with the weight of recent authority recognizing that claims arising from an insurer's determination under the policy are preempted ….. The authority on which JOC relies is inapposite, given that it relied on earlier versions of the regulations that included language more readily admitting state law determinations of such claims." – *Id.* at 656.
- *Wanamaker Nursery, Inc. v. John Deere Risk Protection, Inc.*, 364 F.Supp.3d 839 (E.D. Tenn. 2019) – "Applying that provision [section 20i of the Basic Provisions], the [plaintiffs] were required to obtain authorization from FCIC before making any bad-faith claim for damages. It is uncontroverted that they failed to do so and the policies' relevant provision preempts state law." – *Id.* at 849.