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IN THE COURT OF APPEALS OF NORTH CAROLINA

No. COA24-1063

Filed 2 September 2026

Stokes County, No. 23CVS000672-840

JOSH MANUEL, JORDAN MANUEL,
JAYDEN MANUEL, JAMES HICKS,
GLENDA HICKS, and TONYA BULLINS, Plaintiffs,

v.

NAU COUNTRY INSURANCE COMPANY,
LAURIE MCCOLLUM, and
FARMER'S CHOICE INSURANCE AGENCY, Defendants.

Appeal by Defendant from order entered 25 June 2024 by Judge Angela B.
Puckett in Stokes County Superior Court. Heard in the Court of Appeals 27 August
2025.

*Daughtry, Woodard, Lawrence & Starling, LLP, by Luther D. Starling, Jr., for
Plaintiffs-Appellees.*

*Batts, Batts & Bell, LLP, by Joseph L. Bell, Jr., for Defendant-Appellant NAU
Country Insurance Company.*

*No brief filed on behalf of Defendants-Appellees Laurie McCollum and Farmer's
Choice Insurance Agency.*

CARPENTER, Judge.

NAU Country Insurance Company (“Defendant”) appeals from an order entered 25 June 2024, in which the trial court denied Defendant’s motion to dismiss or, alternatively, to compel arbitration (the “Motion”). In the Motion, Defendant requested the trial court dismiss a complaint filed by Josh Manuel, Jordan Manuel, Jayden Manuel, James Hicks, Glenda Hicks, and Tonya Bullins (collectively, “Plaintiffs”) against Defendant, Laurie McCollum, and Farmer’s Choice Insurance Agency. On appeal, Defendant argues the trial court erred by: (1) failing to dismiss Plaintiffs’ complaint for lack of subject matter jurisdiction and failure to state a claim; and (2) failing to stay state court proceedings and to enter an order compelling arbitration. After careful review, we reverse.

I. Factual & Procedural Background

Plaintiffs operate a farm in Stokes County, where they grow flue-cured tobacco. In February 2021, Plaintiffs contracted with a third-party, Old Belt Tobacco Sales, LLC (“Old Belt”), for the sale of their 2021 tobacco crops (the “Sales Contract”). In March 2021, Laurie McCollum, who works for Farmer’s Choice Insurance Agency (“Farmer’s Choice”), worked with Plaintiffs to obtain crop insurance coverage for their 2021 tobacco crop. Farmer’s Choice and McCollum helped Plaintiffs secure crop insurance in prior farming seasons. In early September 2021, Plaintiffs received a summary of coverage, reflecting that their crops were insured at a rate of \$1.80 per pound. Defendant, a seller and servicer of federally-reinsured crop insurance, underwrote Plaintiffs’ policy.

Natural conditions resulted in a loss for Plaintiffs for the 2021 crop year, which was a compensable event under the policy. Plaintiffs filed claims under the policy to receive payment. After reviewing the Sales Contract, Defendant determined it did not satisfy new requirements under Federal Crop Insurance Corporation (“FCIC”) regulations, which determines eligibility and coverage of insurance policies. Following Defendant’s determination, on 30 September 2021, Plaintiffs received a revised summary of their crop insurance coverage indicating that Defendant had reduced the coverage rate to \$0.90 per pound. On 3 October 2021, McCollum confirmed that Plaintiffs’ coverage had been reduced to a rate of \$0.90 per pound.

Plaintiffs believed Defendant failed to comply with FCIC guidance in its new determination of the coverage rate. Within the insurance policy, section 20 states that “[i]f you do not agree with any determination made by [Defendant] . . . [and i]f the disagreement cannot be resolved through mediation, . . . you must timely seek resolution through arbitration” Consequently, on 20 April 2022, Plaintiffs filed a demand for arbitration, disputing the coverage reduction by Defendant, McCollum, and Farmer’s Choice. The American Arbitration Association appointed an arbitrator, and Plaintiffs and Defendant participated in a preliminary hearing on 8 November 2022. After the preliminary hearing, the arbitrator issued a scheduling order for discovery and resolution of the matter through dispositive motions and replies. On 23 August 2022, however, Plaintiffs voluntarily dismissed their arbitration demand

without prejudice, at least in part because Plaintiffs felt arbitration would result in “burning [through] a pile of money” to no avail.

On 9 October 2023, Plaintiffs filed a complaint against Defendant, McCollum, and Farmer’s Choice in Stokes County Superior Court, alleging claims of fraud, negligent misrepresentation, and unfair and deceptive trade practices. Plaintiffs included a simple negligence claim as to McCollum and Farmer’s Choice. On 14 December 2023, Defendant filed the Motion. In the Motion, Defendant argued: (1) the trial court lacked subject matter jurisdiction because Plaintiffs did not complete the mandatory arbitration process designated in the crop insurance policy; (2) federal statutes, regulations, and the crop insurance policy preempted Plaintiffs’ causes of action and imposed conditions precedent to recovery of any extra-contractual damages; and (3) Plaintiffs did not comply with certain regulatory requirements applicable to the recovery of statutory damages, compensatory damages, and attorney’s fees.

On 22 April and 3 June 2024, the trial court conducted hearings on the Motion. On 25 June 2024, the trial court entered an order denying the Motion. On 5 July 2024, Defendant timely filed notice of appeal.

II. Jurisdiction

As an initial matter, we must determine whether we have jurisdiction to review this interlocutory order. “In most instances, a party has ‘no right of immediate appeal from interlocutory orders and judgments.’” *Bartels v. Franklin Ops., LLC*,

288 N.C. App. 193, 195, 885 S.E.2d 357, 359 (2023) (quoting *Goldston v. Am. Motors Corp.*, 326 N.C. 723, 725, 392 S.E.2d 735, 736 (1990)). “An interlocutory order is one made during the pendency of an action, which does not dispose of the case, but leaves it for further action by the trial court in order to settle and determine the entire controversy.” *Veazey v. Durham*, 231 N.C. 357, 362, 57 S.E.2d 377, 381 (1950).

This Court generally does not review appeals from interlocutory orders unless they affect a substantial right. *Id.* at 362, 57 S.E.2d at 381. “A substantial right is a legal right affecting or involving a matter of substance as distinguished from matters of form; a right materially affecting those interests which a [party] is entitled to have preserved and protected by law: a material right.” *Pentecostal Pilgrims & Strangers Corp. v. Connor*, 202 N.C. App. 128, 132, 688 S.E.2d 81, 84 (2010) (internal quotation marks and citation omitted). “[I]t is the appellant’s burden to present appropriate grounds for this Court’s acceptance of an interlocutory appeal” *Jeffreys v. Raleigh Oaks Joint Venture*, 115 N.C. App. 377, 379, 444 S.E.2d 252, 253 (1994).

For example, “[t]he denial of a motion to dismiss is an interlocutory order and is generally not appealable.” *Hendrix v. Advanced Metal Corp.*, 195 N.C. App. 436, 438, 672 S.E.2d 745, 747 (2009). Yet, “an order denying a motion to compel arbitration, although interlocutory, is immediately appealable . . . because the right to arbitrate a claim is a substantial right which may be lost if review is delayed[.]” *T.M.C.S., Inc. v. Marco Contractors, Inc.*, 244 N.C. App. 330, 334, 780 S.E.2d 588, 592 (2015) (cleaned up).

Here, Defendant appeals from the order denying the Motion but, in brief, Defendant only contends that the trial court's denial of its alternative motion to compel affects a substantial right. *See T.M.C.S., Inc.*, 244 N.C. App. at 334, 780 S.E.2d at 592. Thus, Defendant only met its burden to show its entitlement to immediate review of the motion to compel. *See Jeffreys*, 115 N.C. App. at 378, 444 S.E.2d at 253. Our review, therefore, is limited to Defendant's alternative motion to compel, *see T.M.C.S., Inc.*, 244 N.C. App. at 334, 780 S.E.2d at 592, and we dismiss Defendant's appeal of its motion to dismiss as interlocutory, *see Hendrix*, 195 N.C. App. at 438, 672 S.E.2d at 747.

III. Issue

The issue is whether the trial court erred by failing to stay state court proceedings and compel Plaintiffs and Defendant to first arbitrate their dispute as to Defendant's determination reducing Plaintiffs' rate of crop insurance coverage.

IV. Analysis

A. Standard of Review

"We review *de novo* whether the specific dispute is governed by the arbitration agreement." *Earl v. CGR Dev. Corp.*, 242 N.C. App. 20, 23, 773 S.E.2d 552, 554 (2015). Under a *de novo* review, this Court " 'considers the matter anew and freely substitutes its own judgment' for that of the lower tribunal." *Craig v. New Hanover Cnty. Bd. of Educ.*, 363 N.C. 334, 337, 678 S.E.2d 351, 354 (2009) (quoting *In re Greens of Pine Glen Ltd. P'ship*, 356 N.C. 642, 647, 576 S.E.2d 316, 319 (2003)).

In our review of an arbitration provision, this Court examines “(1) whether the parties had a valid agreement to arbitrate, and also (2) whether ‘the specific dispute falls within the substantive scope of that agreement.’” *Slaughter v. Swicegood*, 162 N.C. App. 457, 461, 591 S.E.2d 577, 580 (2004) (quoting *Raspet v. Buck*, 147 N.C. App. 133, 136, 554 S.E.2d 676, 678 (2001)). “[O]nly those disputes which the parties agreed to submit to arbitration may be so resolved.” *Rodgers Builders, Inc. v. McQueen*, 76 N.C. App. 16, 23, 331 S.E.2d 726, 731 (1985).

B. Federal Crop Insurance

The purpose of the Federal Crop Insurance Act (“FCIA”) is to “promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for the research and experience helpful in devising and establishing such insurance.” 7 U.S.C. § 1502(a) (2025). The methods Congress has chosen to fulfill such purpose “takes everything you know about insurance and turns it on its head.” *Williamson Farm v. Diversified Crop Ins. Servs., Inc.*, 917 F.3d 247, 255 (4th Cir. 2019) (internal quotation marks omitted).

Federal crop insurance policies are governed by the FCIA and regulations promulgated by the FCIC. *See* 7 U.S.C. §§ 1501–1524, 1531 (2025). The FCIC is a government corporation established under the FCIA to administer the federal crop insurance program. *See* 7 U.S.C. § 1503. Rather than directly issuing crop insurance policies to farmers, the FCIC depends on private insurers known as “approved insurance providers” to issue crop insurance to farmers. *See* 7 U.S.C. § 1502(b)(2).

Once a federal crop insurance policy that meets eligibility conditions is issued by an approved insurance provider to a farmer, “the FCIC reinsures the approved insurance provider[’s] losses and reimburses their administrative and operating costs.” *Williamson Farm*, 917 F.3d at 249.

“‘[E]ven though the crop insurance policy is between the farmer and an approved insurance provider,’ the FCIA ‘establishes the terms and conditions of insurance.’” *Id.* at 250 (quoting *Davis v. Producers Agric. Ins. Co.*, 762 F.3d 1276, 1284 (11th Cir. 2014)). Because federally-reinsured crop insurance policies are controlled by the FCIA, approved insurance providers—like Defendant here—issue a uniform insurance policy that was drafted by the FCIC. *See* 7 C.F.R. § 457.8 (2024) (“Common Crop Insurance Policy”). Thus, while the federal government appears to be one step removed from the farmers receiving crop insurance through an approved insurance provider, the federal government’s statutory and regulatory scheme vests ultimate control of the federal crop insurance program in the FCIC.

C. Arbitration

Defendant first argues that the trial court erred in denying the motion to compel arbitration because the crop insurance policy issued to Plaintiffs included a mandatory arbitration provision applying to disputes arising from “any determination” made by Defendant. Plaintiffs nonetheless contend that the arbitration provision applies only to policy coverage “determinations.” We agree with Defendant.

Arbitration is a matter of contract, and thus, contract principles govern the interpretation of an arbitration clause. *Epic Games, Inc. v. Murphy-Johnson*, 247 N.C. App. 54, 62, 785 S.E.2d 137, 143 (2016). “[T]he goal of interpreting a contract for insurance ‘is to arrive at the intent of the parties when the policy was issued.’” *N. State. Deli, LLC v. Cincinnati Ins. Co.*, 386 N.C. 733, 740, 908 S.E.2d 802, 808 (2024) (quoting *Woods v. Nationwide Mut. Ins. Co.*, 295 N.C. 500, 505, 246 S.E.2d 773, 777 (1978)). Because federal policy favors arbitration, the “[Federal] Arbitration Act establishes that, as a matter of federal law, any doubts concerning the scope of arbitrable issues should be resolved in favor of arbitration, whether the problem at hand is the construction of the contract language itself or . . . [a] defense to arbitrability.” *Moses H. Cone Mem’l Hosp. v. Mercury Constr. Corp.*, 460 U.S. 1, 24–25, 103 S. Ct. 927, 941, 74 L. Ed. 2d 765 (1983).

“When the language of the arbitration clause is ‘clear and unambiguous,’ we may apply the plain meaning rule to interpret its scope.” *Fontana v. SE Anesthesiology*, 221 N.C. App. 582, 588–89, 729 S.E.2d 80, 86 (2012). “A contract term is ambiguous only when, ‘in the opinion of the court, the language of the [contract] is fairly and reasonably susceptible to either of the constructions for which the parties contend.’” *State v. Philip Morris USA Inc.*, 363 N.C. 623, 641, 685 S.E.2d 85, 96 (2009) (alteration in original) (quoting *Wachovia Bank & Tr. Co. v. Westchester Fire Ins. Co.*, 276 N.C. 348, 354, 172 S.E.2d 518, 522 (1970)). Furthermore, “[p]arties can differ as to the interpretation of language without its being ambiguous”

Walton v. City of Raleigh, 342 N.C. 879, 881–82, 467 S.E.2d 410, 412 (1996). Moreover, “[t]erms should also be interpreted in harmony with other portions of the policy, if possible, and to give effect and purpose to each word or term.” *N. State. Deli, LLC*, 386 N.C. at 741, 908 S.E.2d at 809.

Ordinarily, an ambiguous term “should be construed against the insurance company and in favor of the policy holder.” *Id.* at 741, 908 S.E.2d at 809 (citing *Accardi v. Hartford Underwriters Ins. Co.*, 373 N.C. 292, 295, 838 S.E.2d 454, 456 (2020)). Nevertheless, because federally-reinsured crop insurance is subject to control by the FCIC under the FCIA, *see Williamson Farm*, 917 F.3d at 250, and because federal crop insurance must fit within the statutory and regulatory scheme set by Congress, *see Federal Crop Ins. Corp. v. Merrill*, 332 U.S. 380, 384, 68 S. Ct. 1, 3, 92 L. Ed. 10, 15 (1947), the doctrine of *contra proferentem*¹ cannot override the regulatory and statutory terms and conditions “defined by Congress for charging the public treasury,” *see id.* at 385, 68 S. Ct. at 3, 92 L. Ed. at 15.

The arbitration provision, which is identical to that in Section 457.8 in the C.F.R., states in relevant part:

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

- (a) If [Plaintiffs] do not agree with any determination made by [Defendant] except those specified in section 20(d) or (e), the disagreement may be resolved through

¹ “[I]n the interpretation of documents, ambiguities are to be construed unfavorably to the drafter.” *Contra Proferentem*, BLACK’S LAW DICTIONARY (12th ed. 2024).

mediation in accordance with section 20(g). If the disagreement cannot be resolved through mediation, or [Plaintiffs] and [Defendant] do not agree to mediation, [Plaintiffs] must timely seek resolution through arbitration in accordance with the rules of the American Arbitration Association (AAA), except as provided in section 20(c) and (f), and unless rules are established by FCIC for this purpose. . . .

(1) All disputes involving determinations made by [Defendant], except those specified in section 20(d) and (e), are subject to mediation and arbitration. However, if the dispute in any way involves a policy or procedure interpretation, regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable, or the meaning of any policy provision or procedure, either [Plaintiff] or [Defendant] must obtain an interpretation from FCIC

(b) Regardless of whether mediation is elected:

- (1) [Plaintiffs] must initiate arbitration proceedings within year of the date [Defendant] denied [Plaintiffs'] claim or rendered the determination with which [Plaintiffs] disagree, whichever is later;
- (2) If [Plaintiffs] fail to initiate arbitration in accordance with section 20(b)(1) and complete the process, [Plaintiffs] will not be able to resolve the dispute through judicial review. . . .

See 7 C.F.R. § 457.8 (“Common Crop Insurance Policy”).

Here, the word “determination” as used in the crop insurance policy is not ambiguous. Though Plaintiffs read “determination” more narrowly than Defendant, a mere disagreement between the parties does not make a term ambiguous. *See Walton* at 881–82, 467 S.E.2d at 412. Furthermore, considering the entirety of section 20 of the crop insurance policy, *see N. State. Deli, LLC*, 386 N.C. at 741, 908 S.E.2d

at 809, it is apparent that the FCIC prioritized alternative dispute resolution methods, conditioning judicial review on the timely initiation and full completion of arbitration, *see* 7 C.F.R. § 457.8 (“If [Plaintiffs] fail to initiate arbitration in accordance with section 20(b)(1) and complete the process, [Plaintiffs] will not be able to resolve the dispute through judicial review . . .”). The FCIC’s preference for arbitration is further supported by the fact that, in 2014, the FCIC expanded the scope of mandatory arbitration from “factual determinations,” *see* 59 Fed. Reg. 42571 (Aug. 19, 1994), to “any determination,” *see* 69 Fed. Reg. 48652, 48714 (Aug. 10, 2014); *see also Davis*, 762 F.3d at 1285 (“The standard language found in the regulations for inclusion in the common crop insurance contract provides that *all disputes* between the insurer and insured are subject to mediation and/or arbitration[.]” (emphasis added)).

Even assuming Plaintiffs are correct that the phrase “any determination” is ambiguous, “[i]n cases involving federally reinsured crop insurance, the insurance contract forms only one part of the agreement between the parties.” *Williamson Farm*, 917 F.3d at 255. “The statutes and regulations associated with the federal crop insurance scheme . . . limit the [factfinder]’s authority.” *Id.* at 255. (internal quotations omitted).

As the United States Supreme Court articulated in *Federal Crop Insurance Corporation v. Merrill*, “‘the terms and conditions’ upon which valid governmental insurance can be had must be defined by the agency acting for the [g]overnment.”

Merrill, 332 U.S. at 384, 68 S. Ct. at 3, 92 L. Ed. at 15. The Court further explained that “[m]en must turn square corners when they deal with the [g]overnment . . .” which “merely expresses the duty of all courts to observe the conditions defined by Congress for charging the public treasury.” *Id.* at 385, 68 S. Ct. at 3, 92 L. Ed. at 15. Granted, *Merrill* predated the involvement of private insurance companies in the delivery of federal crop insurance, yet courts recognize that approved insurance providers—like Defendant—do not operate as “purely private insurance companies, but as fiscal agent[s] of the United States” *Mancini v. Redland Ins. Co.*, 248 F.3d 729, 733 (8th Cir. 2001). Thus, disputes between approved insurance providers and their insureds are governed “by rules quite different from those that would apply in a normal insurance dispute.” *Id.* at 733; see *C.E.R. 1988, Inc. v. The Aetna Cas. & Sur. Co.*, 386 F.3d 263, 267 (3rd Cir. 2004).

Under the rules and regulations promulgated by the FCIC and reproduced in the crop insurance policy at issue:

“[I]f the dispute in any way involves a policy or procedure interpretation, regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable, or the meaning of any policy provision or procedure, either [Plaintiff] or [Defendant] must obtain an interpretation from FCIC”

See 7 C.F.R. § 457.8 (“Common Crop Insurance Policy”). If Plaintiffs had unresolved questions as to whether their state tort claims of fraud, negligent misrepresentation, and unfair and deceptive trade practices against Defendant—all of which turn on

whether Defendant properly reduced Plaintiffs' coverage from \$1.80 to \$0.90 per pound—were arbitrable, Plaintiffs *must* have obtained an interpretation from the FCIC. *See* 7 C.F.R. § 457.8.

To be clear, we express no opinion as to Plaintiffs' claims against McCollum and Farmer's Choice, as they are not before us on appeal and did not join in Defendant's Motion upon which we now review. The scope of appellate review is limited only to those issues presented in the briefs by the parties before us on appeal. *See* N.C. R. App. P. 28(a) (2025).

Accordingly, Plaintiffs' claims against Defendant fell under the mandatory arbitration provision in the crop insurance policy, and they must return and complete arbitration to pursue them. Thus, the trial court erred when it denied Defendant's motion to stay state court proceedings and compel arbitration as to Plaintiff's claims against Defendant.

V. Conclusion

In sum, we conclude that the trial court erred when it denied Defendant's motion to stay state court proceedings and compel arbitration where Plaintiffs' claims as to Defendant are subject to the mandatory arbitration provision within the crop insurance policy.

REVERSED.

Judge GRIFFIN concurs.

Judge MURRY concurs in the result.

MANUEL V. NAU COUNTRY INS. CO.

Opinion of the Court

Report per Rule 30(e).