



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

1400
Independence
Avenue, SW
Stop 0805
Washington, DC
20250-0805

INFORMATIONAL MEMORANDUM: IS-10-006

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

FROM: Michael A. Alston */s/ Michael A. Alston 7/9/2010*
Deputy Administrator
for Insurance Services

SUBJECT: Group Risk Plan (GRP) and Group Risk Income Protection (GRIP)
Acreage Report Field Reviews

BACKGROUND:

The Risk Management Agency (RMA) regards verification that producers have accurately self-certified their acreage as an integral part of program integrity. Acreage report field reviews verify the accuracy of the crop acreage that producers self-certify and insure under GRP and GRIP policies. The Office of Inspector General (OIG) recently found that certain Approved Insurance Providers (AIPs) were not adequately performing acreage report field reviews as required by the GRP Insurance Standards Handbook. Although this handbook has previously been applicable only to administration of the GRP plan of insurance, the requirements outlined in the handbook are also applicable to the GRIP plan of insurance as well.

ACTION:

AIPs who administer policies insured under both the GRP and the GRIP plans of insurance are referred to the GRP Insurance Standards Handbook, section 4.F, which requires that:

Insurance providers must perform acreage report field reviews **no later than 120-days after the acreage reporting date** for the crop, as specified in the Special Provisions. Such reviews must be completed prior to the destruction of the crop residue. Acreage report reviews are required for:

- (1) All policies of employees of the insurance provider, FCIC, or representatives such as adjusters, agents, etc;
- (2) All policies for which misrepresentation or concealment of material



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And Oversees All Programs Authorized Under
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facts is suspected;

(3) All late-filed acreage reports;

(4) All unreported acreage reports;

(5) All "zero" acreage reports; and

(6) **Not less than** a 3-percent random sample by crop for all GRP and GRIP crop policies with reported acreage (which were not selected in (1) through (5) above). Where policies have been selected that have multiple GRP and GRIP crops, the reviewer may verify the acreage report information for the other crops. Such verifications will apply toward the required reviews for that company for those crops, even though such reviews were not random.

AIPs are reminded that acreage report field reviews require physical inspections of the insured crop to determine eligibility and compliance with program terms and conditions. The summary of the review results must be provided to the Deputy Administrator for Compliance in the attached format at least 60 days prior to the scheduled release date for payment yields and final county yields as specified in the crop provisions for crops covered under the GRP and GRIP plans of insurance.

Failure to satisfactorily meet the review requirements may result in the assessment of a financial penalty.

DISPOSAL DATE:

This Informational Memorandum has no Expiration Date.

Attachments (4)

GRP Reporting Format

Mr. Michael Hand, Deputy Administrator for Compliance
USDA/RMA/STOP 0806
1400 Independence Avenue SW
Washington, D.C. 20250-0806

Date (30 days or more prior to the date):

Re: 20XX GRP Quality Control Review

Dear Mr. Hand:

In accordance with the current procedures outlined in the Group Risk Plan Insurance Standards Handbook, Sections 4 F through H, please find the following report of the 20XX GRP quality control functions of XYZ Company:

XYZ Company wrote (number) GRP policies of which we are required to audit a 3% random sample in addition to: (1) All conflict of interest policies, (2) all policies for which misrepresentation or concealment is suspected, (3) all policies with acreage reports filed as zero acreage, and, (4) all policies with late acreage reports or policies with acreage reports not filed. In summary, we audited (number) policies or (percent) of all crop year 20XX policies. Of the (number) audits, (number) were random selections, (number) were conflict of interest policies, (number) were policies with late filed acreage reports, (number) were policies with acreage reports not filed, (number) were policies with acreage reports filed as zero acres, and were (number) policy audits for which misrepresentation or concealment was suspected.

Our findings indicate that (number) of the random selection audits confirmed no discrepancies according to Section 4.G, of the GRP procedures, or discrepancies within tolerance, and (number) audits with discrepancies that were out of tolerance. The audits that were out of tolerance were due to (select the items from Section 4.G. that apply). All policies were revised according to approved procedure.

The (number) conflict of interest policy audits revealed (number) policies had no discrepancies according to Section 4.G, of the GRP procedures, or discrepancies within tolerance and (number) with discrepancies that were out of tolerance due to (select the items from Section 4.G. that apply). These policies were revised according to approved procedure.

There were (number) of policy audits for which misrepresentation or concealment was suspected, and were handled in accordance with Appendix IV, Section IV.

Our findings indicate that (number) of the policies with late filed acreage reports confirmed no discrepancies according to Section 4.G, of the GRP procedures, or discrepancies within tolerance, and (number) audits that were out of tolerance. The audits that were out of tolerance were due to (select the items from Section 4.G. that apply). All policies were revised according to approved procedure.

Our policy audit findings for acreage reports not filed indicate that of the (number) policies reviewed, (number) of the policies did not have acres to report or liability was denied per policy provisions. Of the remaining (number) policies, acres were documented and the policies were found to be out of tolerance. All policies were revised according to approved procedure.

Of the (number) policies filing acreage reports with zero acreage, (number) acreage report reviews proved that zero insurable acres existed for the policies. It was found that (number) policies had insurable acres to report. Of the (number) policies with unreported insurable acreage, all were outside of tolerance. All policies were revised according to approved procedure.

For each item reported above, an acreage report field review was completed no later than 120-days after the acreage reporting date for the crop, as listed in the Special Provisions, and prior to the destruction of the crop residue.

Please advise this office in the event you have questions or require additional information.

Sincerely,
XYZ Company

July 9, 2010

XYZ Company
GRP Acreage Report Field
 Review Summary Results
 Date of Report

Types of Reviews:	Conflict of Interest	Misrep.	Late Filed Acre. Rpts.	Unreported Acre. Rpts.	Zero Acre. Rpts.	3 % Random Sample by Crop
Num. of Field Reviews Completed.						
Discrepancies:						
Act. vs. Rep.						
Ins. Int. Share						
Ins. of Acres						
Other						
None/Within Tol.						
Total Num. of GRP Policies						

GRIP Reporting Format

Mr. Michael Hand, Deputy Administrator for Compliance
USDA/RMA/STOP 0806
1400 Independence Avenue SW
Washington, D.C. 20250-0806

Date (30 days or more prior to the date):

Re: 20XX GRIP Quality Control Review

Dear Mr. Hand:

In accordance with the current procedures outlined in the Group Risk Plan Insurance Standards Handbook, Sections 4 F through H, please find the following report of the 20XX GRIP quality control functions of XYZ Company:

XYZ Company wrote (number) GRIP policies of which we are required to audit a 3% random sample in addition to: (1) All conflict of interest policies, (2) all policies for which misrepresentation or concealment is suspected, (3) all policies with acreage reports filed as zero acreage, and, (4) all policies with late acreage reports or policies with acreage reports not filed. In summary, we audited (number) policies or (percent) of all crop year 20XX policies. Of the (number) audits, (number) were random selections, (number) were conflict of interest policies, (number) were policies with late filed acreage reports, (number) were policies with acreage reports not filed, (number) were policies with acreage reports filed as zero acres, and were (number) policy audits for which misrepresentation or concealment was suspected.

Our findings indicate that (number) of the random selection audits confirmed no discrepancies according to Section 4.G, of the GRIP procedures, or discrepancies within tolerance, and (number) audits with discrepancies that were out of tolerance. The audits that were out of tolerance were due to (select the items from Section 4.G. that apply). All policies were revised according to approved procedure.

The (number) conflict of interest policy audits revealed (number) policies had no discrepancies according to Section 4.G, of the GRIP procedures, or discrepancies within tolerance and (number) with discrepancies that were out of tolerance due to (select the items from Section 4.G. that apply). These policies were revised according to approved procedure.

There were (number) of policy audits for which misrepresentation or concealment was suspected, and were handled in accordance with Appendix IV, Section IV.

Our findings indicate that (number) of the policies with late filed acreage reports confirmed no discrepancies according to Section 4.G, of the GRIP procedures, or discrepancies within tolerance, and (number) audits that were out of tolerance. The audits that were out of tolerance were due to (select the items from Section 4.G. that apply). All policies were revised according to approved procedure.

Our policy audit findings for acreage reports not filed indicate that of the (number) policies reviewed, (number) of the policies did not have acres to report or liability was denied per policy provisions. Of the remaining (number) policies, acres were documented and the policies were found to be out of tolerance. All policies were revised according to approved procedure.

Of the (number) policies filing acreage reports with zero acreage, (number) acreage report reviews proved that zero insurable acres existed for the policies. It was found that (number) policies had insurable acres to report. Of the (number) policies with unreported insurable acreage, all were outside of tolerance. All policies were revised according to approved procedure.

For each item reported above, an acreage report field review was completed no later than 120-days after the acreage reporting date for the crop, as listed in the Special Provisions, and prior to the destruction of the crop residue.

Please advise this office in the event you have questions or require additional information.

Sincerely,
XYZ Company

July 9, 2010

XYZ Company
GRIP Acreage Report Field
 Review Summary Results
 Date of Report

Types of Reviews:	Conflict of Interest	Misrep.	Late Filed Acre. Rpts.	Unreported Acre. Rpts.	Zero Acre. Rpts.	3 % Random Sample by Crop
Num. of Field Reviews Completed:						
Discrepancies:						
Act. vs. Rep.						
Ins. Int. Share						
Ins. of Acres						
Other						
None/Within Tol.						
Total Num. of GRIP Policies						