



United States
Department of
Agriculture

Risk
Management
Agency

1400 Independence
Avenue, SW
Stop 0801
Washington, DC
20250-0801

BULLETIN NO: MGR-08-002

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

FROM: Eldon Gould /s/ *Eldon Gould* 1/31/2008
Administrator

SUBJECT: Review of Pilot Insurance Program Policyholder Files

BACKGROUND:

The Risk Management Agency (RMA) is responsible for monitoring the effectiveness of its program operations in a variety of ways. Pilot insurance programs in particular are subject to a variety of reviews, including annual program monitoring by internal RMA staff and periodic comprehensive program evaluations done by contracted firms. Because of RMA's need to carefully evaluate the effectiveness of pilot insurance products, RMA is adding a component to its evaluation process.

Beginning with monitoring initiatives for pilot programs for fiscal year 2008, RMA will include a review of policyholder files in order to determine whether the program is being operated as policy language dictates. RMA will review policyholder files maintained by Approved Insurance Providers (AIP's) for the express purpose of monitoring whether the pilot program is being administered as envisioned in concept when the program was designed and according to policy provisions in effect when the program was developed. The focus of the review will encompass issues such as whether or not the appropriate Preacceptance Worksheets, Acreage Reports, or Appraisal Worksheets are being completed correctly and resulting claims for indemnity are calculated correctly. If compliance issues are noted during the file review, an appropriate referral will be made to RMA's Compliance function. However, the focus of this review is not to evaluate program compliance, but rather program administration.

ACTION:

RMA (Actuarial and Product Design Division) will contact AIP's in order to secure policyholder files. AIP's will be provided with a list of files to provide to RMA's Product Design Branch to review. The number of files to be reviewed will depend on the scope of the pilot program being reviewed, but will not normally exceed five files. A copy of the requested files must be sent via overnight express mail to:



The Risk Management Agency Administers
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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USDA - Risk Management Agency
Actuarial and Product Design Division
Beacon Facility – Mail Stop 0813
9240 Troost Avenue
Kansas City, MO 64131-3055

The file copies will be retained by RMA.

DISPOSAL:

This bulletin is for transmitting information and will expire December 31, 2008.