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Agriculture**



**Federal Crop  
Insurance  
Corporation**



**Risk Management  
Agency**



**Insurance  
Services**

**FCIC-14040 (07-2010)**

# **LARGE CLAIMS HANDBOOK**

## **2010 and Succeeding Crop Years**

**UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250**

<b>TITLE: Large Claims Handbook</b>	<b>NUMBER: 14040 (07-2010)</b>
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<b>SUBJECT:</b>  <b>Large claims standards and procedures for the 2010 and succeeding crop years</b>	<b>OPI: Risk Management Services Division</b>  <b>APPROVED:</b>  <i>/s/ Michael A. Alston 7/15/2010</i>  <b>Deputy Administrator, Insurance Services</b>

**Reason for Issuance**

This handbook contains the FCIC-issued standards and procedures for handling large claims determinations. Insurance Services and all Regional Offices shall use these standards and procedures when administering large claims determinations and making referrals.

The standards and procedures provided in this handbook supersede all of the following:

- MGR 05-009
- MGR 05-009.1
- MGR 08-010
- IS 07-010.



# LARGE CLAIMS HANDBOOK

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**1 General Information**

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**A. Purpose**

This handbook provides the standards and procedures for processing large claims and making referrals.

**B. Source of Authority**

The source of authority for the standards and procedures in this handbook are:

- SRA

**C. Order of Precedence**

If there is a conflict between the procedure in this handbook and other documents issued by RMA, the following order of precedence shall apply.

- The Act and any FAD interpreting the Act.
- The CAT Endorsement, as applicable, and any FAD interpreting the CAT Endorsement.
- Written Agreement, as applicable.
- The Special Provisions and other actuarial documents in the following order of precedence:
  - Special Provisions
  - Map Supplement
  - Actuarial Map.
- Crop endorsement/options and any FAD interpreting the crop endorsement/options.
- Crop provisions and any FAD interpreting the crop provisions.
- Common Crop Insurance Policy Basic Provisions and any FAD interpreting the Basic Provisions.
- Administrative regulations at 7 CFR Part 400 and any FAD interpreting those regulations.
- Manager's Bulletins.
- CIH and other applicable underwriting guides and any interpretation of procedures.

# **1 General Information (Continued)**

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## **C. Order of Precedence (continued)**

- LAM and any interpretation of procedures.
- Crop LASHs and any interpretation of procedures.
- LCH.
- Product Management and Insurance Services' Informational Memorandums.

## **D. Duration and Changes**

The standards and procedures in this handbook remain in effect until superseded by issuance of:

- entire handbook
- slip sheets
- RMA Manager's Bulletin.

If slip sheets are issued, the amended procedure and the remaining procedure shall constitute the handbook.

## **E. Related Handbooks**

The following table lists handbooks and manuals related to large claims.

<b>Handbook/Manual</b>	<b>Purpose</b>
CIH	General underwriting standards and procedures
LAM	General loss adjustment standards and procedures
Crop Specific LASH	Crop specific loss adjustment standards and procedures

## **2 Responsibilities**

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### **A. AIP Responsibilities**

AIPs shall:

- notify the RMA upon receiving notice of a potential claim on an eligible crop insurance contract where the production loss or indemnity is likely to exceed \$500,000, or such other amount determined by RMA
- designate a point of contact for LC coordination according to paragraph 31
- conduct screening activities according to paragraph 31.

### **B. RMA Responsibilities**

RMA shall:

- Upon notice from an AIP of a claim likely to exceed \$500,000, or such other amount determined by the agency, elect one of the following:
  - participate in the loss determinations and review the actions of the AIP taken in the settlement of the claim before agreement is reached with the producer and before payment
  - decline participation or review of the claim.
- If it elects to participate in the claims process:
  - assure selected policy(s) are adjusted according to RMA policies and procedures
  - assess AIP's performance
  - assess the effectiveness of the approved policies and procedures
  - make appropriate referrals for cases with issues which require follow up
  - identify and report instances of potential or suspected program fraud, waste, and abuse, or systemic failure to follow policies and procedures.

### **C. RMSD Responsibilities**

RMSD shall:



- provide support, leadership, training, monitoring, assistance, and accountability to RO
  - develop and maintain policy and handbook procedures for LC reviews

## **2 Responsibilities**

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### **C. RMSD Responsibilities (continued)**

- assist RO in preparing and conducting appeals
- provide a written referral process for referrals to Compliance, Reinsurance Services, or Product Management
- advance and coordinate recommended corrections for vulnerabilities identified in the FCIC program
- perform administrative reviews.

### **D. RMA RO Director Responsibilities**

RMA RO Directors shall:

- ensure all appropriate staff are certified and maintain certification for working with large claims according to Part 2
- maintain certification records for their staff
- develop and maintain a Strategic Large Claim Selection Plan according to Part 3.

**3-10 (Reserved)**

**11 Training Requirements**

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**A. Training Curriculum**

Training curriculum must include, at a minimum, (for conditional certification, all of the following and for employees already certified on large claims, only the updates and changes), sufficient information to make such persons proficient in:

- The meaning of the terms and conditions of the:
  - Common Crop Insurance Policy Basic Provisions
  - applicable Crop Provisions
  - other plans of insurance such as, but not limited to,:
    - Group Risk Plans of insurance
    - Revenue Plans of insurance.
  - pilot programs.

**Note:** The various crop provisions and plans of insurance are available on FCIC's website at [www.rma.usda.gov](http://www.rma.usda.gov)

- all applicable endorsements, special provisions, and options and any changes thereto
- the benefits and differences between the applicable plans of insurance
- the actuarial documents and their usage
- properly completing and submitting all applicable forms, documents, notices, and reports
- recognizing anomalies in reported information and common indicators of misrepresentation, fraud, waste or abuse
- the appropriate actions to take when anomalies or evidence of misrepresentation, fraud, waste or abuse exist, and how to report such to FCIC
- the procedural requirements applicable to adjustment of claims for ECIC, and any changes thereto
- properly verifying the accuracy of information contained on applicable forms, documents, notices, and reports
- properly determining the amount of production or revenue to be used for the purposes of determining losses

## **11 Training Requirements (Continued)**

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### **A. Training Curriculum (continued)**

- the requirements under applicable Federal civil rights statutes
- other requirements as may be determined by FCIC.

### **B. Competency Test**

All RMA employees working with large claims shall adhere to industry training standards consistent with the requirements of AIP Loss Adjusters, as outlined in the SRA, and must pass a basic competency test. Basic competency tests must specifically relate to the areas listed in subparagraph A and determine the proficiency of the person to accurately and correctly determine the amount of loss and verify applicable information.

RMA RO Directors shall:

- review the test results and document any area of identified weakness on the part of any employee working with large claims
- ensure follow-up training initiatives are provided/completed for any area of identified weakness on the part of any employee working with large claims.

All employees working with large claims and other applicable persons must take and pass the competency test every three years, and meet all other requirements as may be determined by the RO Director or RMSD.

## **12 Training Sources**

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### **A. Sources of Classroom and Field Training**

The following are acceptable sources of classroom and field training that may be used to meet the training requirements for people working with large claims.

- RMSD provided training.
- Graduate School/Ag Learn.
- AIP adjuster schools, specific by RO region.
- NCIS meetings/schools, specific by RO region.
- University/Extension schools/classes/field days.
- Invited outside speakers - RO specific.
- Crop industry field days.
- Large claim training library, such as presentations, crop/claims training modules, etc.
- Insurance Industry Schools, such as Insurance Institute of America.
- USDA/State Departments, such as FSA, NAD or State Ag. Departments.
- Certified Adjuster /Consultant Certification program.
- Commodity industry meetings.

- AIP update training.

## **12 Training Sources (Continued)**

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### **A. Sources of Classroom and Field Training (continued)**

In addition, for RO personnel the following in-house sources may be used to meet the training requirements.

- Actuarial documents, policy, handbooks, bulletins and memorandums.
- Loss adjustment topics.
- RO personnel led field training.

### **B. Training Library**

The outline below shall serve as the basic structure of the Large Claim Training Library, which is available on the SharePoint site. RMSD and ROs shall coordinate to populate the Large Claim Training Library.

#### Crop Program Modules

- Various Crop Programs, such as Crop Provisions, Crop Loss Manuals, Underwriting

#### Program Modules

- APH Review
- Entity: Types, Requirements, Changes
- Unit Structure
- Acceptable Records
- Written Unit Agreements
- Master Yields
- 1<sup>st</sup> Crop / 2<sup>nd</sup> Crop
- Fundamentals of Crop Insurance, Policy, Crop Provisions, Special Provisions
- Late Planting
- Plans of Insurance

#### Large Claim Modules

- Large Claim Process: Start to Finish
- Case File Organization
- Report Writing - LC
- Report Writing – GFP
- Documentation and Report Writing Preparing and Defending the Case
- Maintaining Proper Documentation

## **12 Training Sources (Continued)**

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### **B. Training Library (continued)**

#### Loss Adjustment Modules

- Going to the Field (Claim Determination 101)
- Crop Acreages and Destroying Crop(s) Without Consent
- Acreage reporting and what to look for with LC review
- Use of MIF and LAF
- Verifying the Cause of Loss
- Determining Acreage
- Establishing Production
- Adjustment to Production
- Handling Unusual and Controversial Claims
- Replanting Provisions and Payments
- Prevented Planting
- Specific Crop Modules

#### Program Integrity Modules

- Fraud Prevention
- Conflict of Interest

#### Case Studies

#### Directives

#### Correspondence

- Templates, such as letters etc.

#### Other

- CAE new tools training, such as(HyDRA, Dashboard, Maps, Weather Data
- Using GPS Camera, such as documentation with photo's, downloading, and filing
- Preparing for a NAD appeal

## **13 Training Plans**

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### RO Large Claims

**14-20 (Reserved)** Coordinator and RO Director shall establish a training plan considering their selection criteria and using a mixture of the tools in paragraph 12 to ensure all RO staff assigned large claims are properly trained on an annual basis.

## Part 3 RMA Screening and Selection

### 21 RMSD Considerations

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In order for RMA to adequately address previously identified systemic program or AIP performance issues that potentially have national implications, RMSD will identify any such issues and request potential large claim participation to the RO Directors. The requests will be provided to the RO prior to the beginning of the current claim season, or no later than March 1 of the current crop year. The recommendation(s) may be:

- by AIP
- by crop
- related to any other issue.

### 22 RO Considerations

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#### A. Strategic Large Claim Selection Plan

Each RO shall create and maintain a Strategic Large Claim Selection Plan. The plan shall address the considerations in subparagraph B, C, D and E, based on:

- AIP business in the region
- types of crop programs
- status of pilot programs
- production practices
- seasonal considerations.

#### B. AIP Considerations

The Strategic Large Claim Selection Plan shall address:

- review of a variety of AIPs, especially AIPs new to the region or program
- previously identified systematic issues for a particular AIP.

When a RO has participated in a large claim on a crop which the AIP has demonstrated proficiency in loss adjustment procedures, the RO may decline participation in a large claim **with that AIP on that crop** for two subsequent crop years.

#### C. Program Considerations

The Strategic Large Claim Selection Plan shall address:

- new policies, procedures, and pilot programs
- areas of probable/potential program vulnerabilities, such as changes in planting, crop, or management practices

**C. Program Considerations (continued)**

- unusual fluctuations in area, not on an individual policy basis, loss ratios
- previously identified systemic issues for a particular policy or procedure.

**D. Regional Considerations**

The Strategic Large Claim Selection Plan shall address:

- crop distribution to result in participation in a variety of crops
- geographical distribution to result in participation in a variety of areas.

**E. Seasonal Considerations**

The Strategic Large Claim Selection Plan shall address unique claim circumstances, such as quality issues, aflatoxin, market losses, etc.

**23-30 (Reserved)**



## Part 4 Large Claims Process

### 31 AIP Responsibilities

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#### A. Initial Notification

AIPs shall notify RMA RO, in whose area the insured acreage is physically located, of the potential large claim. The notification:

- shall be sent to the attention of the RMA RO Director
- may be sent by facsimile or e-mail; use general RO e-mail address if e-mailing notification
- shall be clearly identified as a Potential Large Claim Notice
- must include, all of the following:
  - policyholder's name
  - policy number
  - crop (for AGR & AGR-Lite policies, include the crop(s) damaged, and if a fiscal or calendar year filer)
  - units and number of acres affected
  - reported cause of loss and estimated indemnity
  - intended use for the damaged acreage.

**Important:** Notifications received after 2:00 p.m. local time of the RO or on any day the RO is closed shall be considered as received the next business day.

See Exhibit 2 for definition of large claim.

#### B. AIP Point of Contact

AIP shall designate a point of contact for LC coordination who is responsible for coordinating all loss adjustment activities with the RO LCTL.

#### C. Additional Documentation

Upon request of RMA RO, AIPs shall forward all documentation relied upon by AIP to determine the claim is likely to exceed \$500,000, including but not limited to, any:

- documents, signed or unsigned, used to make the determination
- third-party documents or information collected by AIP
- other information used by AIP to make the determination.

#### D. Additional Damage

AIPs shall notify RMA RO contact person if additional damage occurs after initial notification.

## **31 AIP Responsibilities (Continued)**

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### **E. Communicating with Insured**

AIPs are responsible for communications with the insured and shall inform the insured of RMA's review and participation, if RMA elects to participate, in the loss determination.

Any written communication with the insured pertaining to review or loss determinations for which RMA is involved must be approved, in writing, by the RO or RMSD.

### **F. Ensuring Compliance with LC Requirements**

AIPs and regionally designated LC point of contact should involve its field supervision early in the process to ensure that all LC requirements are met. If RMA determines that all requirements have not been met, RMA will take the appropriate action as authorized under the SRA.

### **G. Prohibited Activities**

AIPs may respond to the notice of loss and prepare for loss activities but shall not conduct any field loss adjustment activities, except as specified in subparagraph H, until RO responds to the notice of potential claim or until the 3-day notice period has elapsed.

### **H. Large Claim Screening**

To fulfill its responsibility to only report claims likely to exceed \$500,000, AIPs shall conduct certain activities to determine whether a notice of potential claim will likely result in a production loss or indemnity exceeding \$500,000.

These activities may include:

- field visits and communications with the policyholder or others to collect loss and cause of loss information
- appraisals performed to ascertain an estimate of the production potential
- collecting certain information that supports or confirms a cause of loss has occurred.

However, during the screening process, AIPs shall **not**:

- make any final determinations of the amount of loss
- release the acreage for other use
- reach an agreement with the insured as to appraisals, the amount of uninsured causes, production to count, or the amount or cause of loss
- allow loss adjusters or the insured to sign any production worksheets or appraisal

worksheets.

## **31 AIP Responsibilities (Continued)**

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### **H. Large Claim Screening (continued)**

Other than the screening process, AIPs shall not conduct any loss adjustment activity without first coordinating such activity with the RO, unless otherwise authorized by the RO.

## **32 RO Responsibilities**

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### **A. Election to Participate or Decline**

When a written notice of a potential LC is received, RO shall elect to participate in the loss determination or decline participation in the claim based on:

- the established criteria in the Strategic Large Claim Selection Plan
- documentation and information received from AIP
- any other information at RO disposal
- RO preliminary review according to subparagraph D.

### **B. Notifying AIP of RO Election**

Within three business days of receipt of the potential large claim notice, RO shall notify AIP, in writing, of its decision to participate in the loss determination or decline participation in the claim.

**Important:** If RO is closed, for any reason, when the RO response is due, the deadline for response shall be extended to the next business day.

If RO fails to respond to the notification within three business days, AIP may consider such failure as RO declining to participate and may proceed with normal loss adjustment activity.

If RO elects to participate in the loss determination it will provide the name of the RO contact person in the response to AIP.

If RO declines participation in the claim because it is determined to be less than \$500,000 at that time, RO shall notify AIP they may proceed with all aspects of the loss determinations for the claim without any further notification to the RO. However, should a subsequent potential LC arise in the same crop year on the same policy, the standard LC notification process applies.

### **C. Recording Large Claim Information**

RO shall enter the LC information in the Large Claim Database.

**D. Preliminary Review**

If the potential claim meets the Strategic Large Claim Selection Plan, RO shall conduct a preliminary review according to the following table to determine if the RO should participate in the loss determination.

Step	Action
1	<p>Gather the following information and provide to LCTL.</p> <ul style="list-style-type: none"> <li>• Policyholder information.</li> <li>• APH, if applicable.</li> <li>• CAE producer scoring upgraded.</li> <li>• Claim information that includes:                             <ul style="list-style-type: none"> <li>• date/cause of loss</li> <li>• degree of damage</li> <li>• insured’s intent for crop, such as release, take to harvest, etc.</li> <li>• extent of damage by unit or legal description</li> <li>• companion contracts, if any.</li> </ul> </li> </ul> <p>If needed, check with local FSA, Extension, and NRCS to ascertain extent of loss event and if there is a likelihood of other potential notices.</p>
2	<p>Determine if RMA RCO or the Special Investigations Branch or OIG has an ongoing review or investigation with the policyholder. If so, RO shall consider not participating if there is an ongoing review or investigation for the current year. If OIG is investigating the policyholder suspected of wrongdoing, the AIP and RMA are prohibited from paying a claim until the investigation is concluded.</p>
3	<p>Review findings with RO Director, LCTL or designee.</p> <p>If electing to decline participation in the claim, go to step 4.                      If electing to participate in loss determination, go to step 5.</p>
4	<p>If electing to decline participation in the claim:</p> <ul style="list-style-type: none"> <li>• notify AIP according to subparagraph B, with a cc to RO Director, RO Deputy Director, crop and LC team member(s)</li> <li>• file AIP notification and RO response with back up materials in LC file.</li> </ul>

**D. Preliminary Review (continued)**

Step	Action
5	<p>If electing to participate in loss determination:</p> <ul style="list-style-type: none"> <li>• LCTL, or designee, meets with RO Director to assign the claim and notify the appropriate crop and LC team member(s)</li> <li>• notify AIP according to subparagraph B, with a cc to RO Director, RO Deputy Director, crop and LC team member(s)</li> <li>• print out copy of RO response to AIP for the LC file</li> <li>• create file according to LC Case File Organization Procedure in Exhibit 4, which includes: <ul style="list-style-type: none"> <li>• Large Claim Checklist, see Exhibit 1</li> <li>• required documentation specified for selected policies.</li> </ul> </li> </ul>

**E. Large Claim Field Review**

- (1) If the RO has elected to participate in the LC, RMA must hold an in person Entrance Conference or Teleconference with the AIP.
  - (a) Conduct interview with AIP/Adjuster to review large claim process and develop plan for the field review. The RO representative takes on the role of a loss adjustor along with the AIP loss adjustor and will collaborate and participate fully and equally in working the claim, including making appraisals and signing claim documents. The RO shall participate in field reviews, as file reviews are not applicable to the large claim process.
  - (b) Request entire loss and underwriting file, gather materials and review the following:
    - 1 AIP Claim File (items not available from RMA database)
    - 2 Mandatory APH Review
      - i. The RO will review mandatory APH review files completed by the AIP as required by the SRA or FCIC issued procedure;
      - ii. Completion of the RO/AIP Large Claim review requires determination that the guarantee and indemnity were properly calculated based on substantiating records for APH certification and subsequent claim for indemnity calculation. RO/AIP must verify the information on the documents is correct via third party records to the extent practical.
      - iii. RO/AIP must review APH records in accordance with Section 21 of the Basic provisions, which require the insured to maintain adequate records for three years after the end of the crop year in which such records were initially

- certified. If acceptable records are not provided, the APH must be corrected in accordance with approved policy and procedure.
- iv. When conducting APH reviews, AIPs must ensure that FCIC established tolerances are applied for non-loss units. When completing claims for indemnity, AIPs must ensure APH discrepancies between the insured's reported yield and the reviewer's determined actual yield are corrected for loss units without regard to FCIC established tolerances.
  - v. RO/AIP refers to the Crop Insurance Handbook for APH procedure and APH review requirements.
- 3 Pre-Acceptance Inspection/ legal description/ acreage report/ loss experience.
  - 4 Verify insurability of all acreage in the unit(s) involved.
- (c) Review any special underwriting actions, e.g. Written Agreements, Added Land, etc.
  - (d) Adjuster briefs RMA Specialist on expected issues/difficulties and other pertinent grower file information.
- (2) Keeping producer informed.
- (a) AIP will inform insured of RMA presence and keep producer informed.
  - (b) The RO LC Contact Person shall complete Claim Checklist Form (Exhibit 3), Remarks and Field Notes (Exhibit 3), and Telephone Record (Exhibit 3).
  - (c) Weekly conference calls or written communication between the RO LC Contact Person, AIP and/or insured may prevent review from stalling.
- (3) Clarification of FCIC – issued policy and or procedure.
- (a) AIP Inquires – for interpretations of the meaning or applicability of procedure, prepare the request according to the criteria for requesting an interpretation in MGR-05-018, dated 10/07/2005, “Requesting a Written Interpretation of the Common Crop Insurance Policy Basic Provisions”.
  - (b) RMA Inquiries -
    - (i) Understanding the meaning and the proper application of FCIC-issued policies and procedures is critical to successful claim participation, documenting claim determinations, and defending the RO decision through mediation, administrative review, NAD appeal, and judicial review.
    - (ii) All RO questions or issues requiring clarification, explanation or interpretation of policies or procedures for LCR shall be directed to RMSD. RMSD will develop the request for clarification, explanation or interpretation to the appropriate RMA office and provide a written response to all ROs. Verbal responses, e-mail, nor phone conversations conducted outside this process are not adequate support for RO determinations.
  - (c) If OGC legal sufficiency is needed, RMSD will coordinate that effort. If the case is forwarded by RMSD to OGC for legal sufficiency review, all pertinent information related to the final decision will be included unless otherwise specified by OGC.

- (4) Maintain contemporaneous case file documentation in accordance with Exhibit 4.

1 The RMA RO will hold an Exit Conference or Teleconference with Insured and AIP prior to signing off on the decision letter for the LC participation. The review of the preliminary determinations will allow the insured an opportunity to provide additional information to support his/her position prior to RMA issuance of the decision letter. While this Exit Conference can usually be accomplished via telephone, there may be adverse or controversial cases that merit a face-to-face meeting. In all cases when it is determined that a visit with the insured to discuss adverse finding is necessary, the RO must accompany the AIP.

- (5) The Exit Conference includes a review of:
- (a) Findings/issues when signing Production Worksheet(s).
  - (b) Final loss determinations (prior to AIP and RMA sign-off).

**IMPORTANT:** When applicable, the insured should be given at least 10 calendar days to provide additional information, and if none is received, issue the decision letter along with the signed loss documents, if not previously provided. Reasonable extensions to provide additional information may be documented and granted in writing.

- (6) Issue Decision Letters in accordance with template provided in RO LC Review Decision Letter Template (Exhibit 7). Note: Following the insured's 10 calendar days to provide additional information or upon receipt of all necessary supporting claim documentation, the RO:
- (a) Completes the formal draft Decision Letter within 15 days;
  - (b) Obtains the AIP's comments and written concurrence on the final decision letter and requests the AIP calculate, verify and complete any change(s) in APH, determined acres, guarantee and indemnity due, prior to issuance of letter;

Deliver Decision Letters by certified mail or overnight delivery, with copies of signed production worksheets and proof of loss, revised APH, if applicable, prepared by AIP and a stamped self-addressed envelope or FedEx return delivery envelope for the producer to return any necessary signed documents.

- (7) DAS, eDAS, or PASS Reporting

The AIP must report the action taken by RMA on the applicable loss record, to the RMA DAS, eDAS, or PASS according to Appendix III of the SRA. If the record is part of a potential claim on the eligible crop insurance contract reported under paragraph 1, the large Claim Flag must be:

N = AIP notified RMA of excessive indemnity and RMA did not participate in the determinations, or

R = RMA participated in loss determinations or reviewed loss determinations before

payment.

(8) Officially Close the Claim:

- (a) The RO must record the results on the claim activity in the LC data base.
- (b) After appeal completion or time has expired for the policyholder to request review or appeal, document “lessons learned” and add to the file and debrief the LC team (including RO Director)
- (c) Develop any referrals in accordance with the LC Referral Procedures contained in Section 5.

(9) Cost savings due to RMA participation in individual claims and program modifications initiated through the referral process will improve program performance (i.e., loss ratios), and reduce or eliminate the need for general premium rate increases. This will be a benefit to all program participants. Cost savings shall be calculated for the current claim where a misapplication of policies or procedures is identified. Cost savings must be calculated when RMA modifies, revises or corrects a claim during review prior to the AIP reaching agreement with the producer or prior to the AIP making payment to the insured on the claim. Take the following steps to calculate the cost savings achieved due to RMA large claims participation:

- (a) For the guarantee: Begin with the guarantee and premium established by the acreage report, PIVR, or summary of coverage – subtract the corrected or revised amounts.
- (b) For the amount of loss: Begin with the amount of indemnity initially calculated by AIP, subtract the corrected or revised amounts.
- (c) The sum of (a) and (b) above are the cost savings for the claim.

Cost savings are not counted for any claim where no adjustments or corrections are made.

(10) RO participation promotes adherence to policy provisions and loss adjustment procedures. The cost savings will be reported by crop year via the RMA RO large claim data base. The basis for cost savings shall be categorized in one of the following:

- (a) Reporting error corrected by RMA when not detected or identified by the AIP (i.e., APH revisions, acreage measurements, etc.)
- (b) AIP error or malfeasance in the application of FCIC-issued policies and procedures.
- (c) AIP failure to identify, discover or pursue supporting evidence.

(11) Other program benefits of large claim participation shall be captured and reported. Such benefits are the number of referrals in the following areas to appropriate RMA divisions:

- (a) Policy or procedural vulnerability
- (b) Recommendations for procedural changes
- (c) Systemic misapplication in the use of FCIC – issued Policies and Procedures
- (d) Suspected fraud, waste or abuse.

## **F. Large Claim Files**

The RO shall maintain a Chronology of Events Log to document the events of the large claim. This log includes dates of loss notices, written correspondence, meetings, field visits, phone conversations, and all other correspondence with the stakeholders. The Chronology of Events may be maintained and



updated electronically and posted in the case folder on the GFP/LCR SharePoint site when the large claim begins.

The LC Case File Organization Procedure (Exhibit 4) will be used to develop the claim case file, including exhibits, photographs, related documentation and Decision Letters (Exhibit 5).

**33-40 (Reserved)**

## Part 5 Referrals

### 41 Procedures for Written Referrals

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#### A. BACKGROUND

In the normal course of performing RO duties and responsibilities, situations arise that require referral to various functional units within RMA for additional follow up. This section establishes the process and requirements for written referrals arising from systemic failure to follow FCIC issued policies and procedures, identified program vulnerabilities, and identified instances of suspected program fraud, waste and abuse.

These referrals could be to the Regional Compliance Office (RCO) responsible for the area where the questionable activity occurred or the Reinsurance Services Division (RSD), as applicable. ROs also have the opportunity to identify and report suspected program vulnerabilities to the Office of the Deputy Administrator, Product Management.

Complaints received from outside sources of alleged fraud, waste and abuse of the crop insurance program must be immediately documented and referred in writing to the appropriate RCO. ROs and RCOs are encouraged to discuss situations; however, all referrals must be in writing.

#### B. REFERRALS OF PROGRAM VULNERABILITIES TO PRODUCT MANAGEMENT FOR POLICY OR PROCEDURAL CHANGES

ROs are in a unique position to review policies and procedures in actual claim situations. ROs can identify program vulnerabilities or the misunderstanding and misapplication of policies and/or procedures and suggest program improvements that protect program integrity and provide the appropriate risk protection to producers.

Referrals to Product Management are to be submitted to RMSD for consideration and coordination of cross regional issues, and if in agreement, RMSD will forward the referral to the Deputy Administrator for Product Management through the Deputy Administrator for Insurance Services (DAIS).

To be effective, referrals must include, to the extent possible:

1. Condition - The situation or problem itself. a) Describe the problem; b) include documents as exhibits only if necessary.
2. Current criteria – Cite and reference the FCIC issued policy or procedure at issue, if applicable.
3. Effect – This is the logical consequence of the condition. What negative program impact is occurring due to the condition and what is the consequence of not correcting the problem (i.e., loss of time, accuracy, monetary, etc.) quantified, if possible.
4. Recommendations – What will solve the problem or improve the situation. Include specific language, if possible.

5. Analysis of applicability across the program – Describe the effect of the condition and the recommendation on any other programs, rates, coverage, regions, etc.
6. Impact assessment of proposed change (e.g., increased field inspections for AIPs, workload, rates, benefits, etc.).
7. Whether the proposed solution has been discussed with other RO's, AIPs, NCIS regional state committees and PM staff and any support or concerns raised with regard to the proposed solution.

### **C. REFERRALS FOR SYSTEMIC AIP PERFORMANCE ISSUES**

Referrals for systemic failure to follow FCIC-issued policies and procedures that arise out of the normal conduct of RO activities or operations which can be fully documented and do not require further review must be in writing to RMSD for consideration and coordination of cross regional issues. If in agreement with the referral, RMSD will forward the referral to Reinsurance Services Division (RSD) through the DAIS.

Systemic AIP performance issues include non-compliance with the SRA and Appendix IV, including but not limited to:

- Failure to respond to specific agency directions
- Failure to correct identified discrepancies
- Failure to reconcile identified errors, etc.

Written referrals must include:

1. Party(ies) of the alleged wrongdoing (e.g., full names, addresses, phone numbers, approved insurance provider, agent, policy number, crops, etc.)
2. Condition – The situation or problem itself. a) describe the discrepancy and who is alleged to be responsible; b) must include documents relevant to the discrepancy as exhibits.
3. Cause - This identifies your opinion of the underlying reason why the condition occurred (e.g., lack of training, absence of quality controls, AIP reluctance to research cause of loss, etc.)
4. Criteria – The policy provision or procedure that establishes the standard. Cite, quote, and exhibit FCIC issued policies, procedures, SRA, etc. to clearly identify the standard to be applied or followed.
5. Impact – The logical quantified result of correcting the discrepancy, or applying FCIC issued policies and procedures, i.e., bushels, tons, etc. of APH correction, amount of reduced indemnity, etc. What are the consequences of not correcting the discrepancies or problem?
6. AIP response – Include the manner, date, etc., the AIP was made aware of such and their reaction, reply, and/or any actions they are taking, plan to take or disagreements.

#### **D. REFERRALS FOR SUSPECTED CASES OF FRAUD, WASTE AND ABUSE.**

During the course of conducting Large Claims reviews, instances of suspected fraud, waste, or abuse and suspected wrongdoing in the use of FCIC- issued policies and procedures may be identified, and should be discussed initially with the appropriate RCO. All referrals originating out of this process must be in writing to RMSD for consideration and coordination of cross regional issues, and if in agreement, RMSD will forward the referral to the Deputy Administrator for Compliance (DAC) through the DAIS. Include copies of all relevant documentation such as acreage determinations, appraisals, verification of entity, documented interviews, telephone interview records, contact information, etc., that the RO has obtained or completed prior to referral. A referral must include:

1. Party(ies) of alleged wrongdoing (e.g., full names, addresses, phone numbers, insurance company, agent, Farm Service Agency (FSA) county office, policy number, crops, etc.)
2. Condition – The situation – a) this describes the discrepancy and who is alleged to be responsible; b) must include documents including the discrepancy as exhibits.
3. Cause – This identifies your opinion of the underlying reason why the condition occurred (e.g., lack of training, absence of quality controls, AIP reluctance to research cause of loss, etc.)
5. Criteria – This is the provision or procedure that establishes the standard. Quote and exhibit FCIC issued policies, procedures, Standard Reinsurance Agreement, to clearly identify the standard to be applied or followed.
6. Impact – This is the logical quantified result of correcting the discrepancy, or applying FCIC issued policies and procedures, i.e., bushels, tons, etc. of APH correction, amount of reduced indemnity, etc. Could also show impacts such as potential widespread misunderstanding or misapplication of procedure or claim administration. When RMA participation avoids or corrects a monetary discrepancy, document the amount of cost avoidance.
7. Recommendation – How do we correct the problem? Recommend more specific training needed, recommend further claim review be conducted by AIP, etc.

ROs cannot delay a LCR claim determination unless notification is received from the RCO indicating OIG has officially opened an investigation regarding the case, or is conducting an investigation of a prior year's claim for which producer wrongdoing is suspected. Please refer to FAD-078 for additional guidance. However, ROs cannot approve a claim for indemnity until it receives all necessary information to support the indemnity payment. When fraud is suspected, it is necessary to wait for the verification of information before authorizing an indemnity.

RMA reviewers are not to opt out of or terminate large claim reviews when they identify instances of noncompliance with FCIC policy and procedure by the AIP.

ROs shall provide written updates to the referral when additional information becomes available.

## **E. COMPLIANCE RESPONSIBILITIES**

Cases referred to Compliance must be recorded and tracked according to established procedures. RCOs will send an email to the referring RO and RMSD acknowledging their receipt of information within 30 days and advise if the referral has been accepted for review.

RCOs will provide written information and updates to the RO every 30 days or sooner when necessary and/or when RCO action is complete. The RCO will provide valid information that could affect the large claim determination or other RO function as soon as it becomes available.

Compliance is responsible for referring appropriate cases to the OIG. The RCO will refer cases appearing to have reasonable cause for investigation to the appropriate OIG office. The RCO will notify the RO of any open OIG investigation(s) related to the referral so as to ensure that agency administrative action does not interfere with the OIG case(s).

Cases that *must* be referred to the OIG if fraudulent activity is known, suspected, or alleged, include:

1. The submission of false claims or false or fraudulent statements by employees, producers, contractors, or others; and,
2. Any violations of agricultural programs involving contractors, producers, employees, or others.

**OIG Involvement:** The OIG determines whether to accept the case for investigation based on consultation with the Department of Justice. Once a case is accepted by the OIG, all subsequent administrative actions pertaining to the case must be coordinated with the OIG.

RCO Directors will inform the referring parties of any actions deemed necessary by the OIG and ensure administrative actions do not interfere with the OIG's investigation.

If the OIG declines to investigate a matter referred to them, the OIG will advise Compliance to take any administrative actions determined to be appropriate.

**42-44 (Reserved)**

## Part 6 Dispute Resolution

### 45 Dispute Resolution

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#### A. General Information

- (1) If there are any disputed or unresolved issues between RMA and the AIP regarding a loss determination during RMA's review or participation in such loss determination, such disputes or unresolved issues:
  - (a) Will be elevated to the AIP's National Claims Manager and RMA's RMSD.
  - (b) Will not, without RMA concurrence, be discussed in the presence of the producer or anyone else outside of RMA or the AIP.
- (2) If there is a dispute between RMA and the AIP, with respect to RMA's determination of a loss, the AIP will pay the claim according to RMA's written approval. The AIP retains the right to dispute RMA's actions in accordance with administrative appeals procedures found in 7 C.F.R. § 400.169.
- (3) If RMA elects to participate in the loss determination, or modifies, revises or corrects a claim during review prior to the AIP reaching agreement with the producer or prior to the AIP making payment to the producer on the claim, and the producer disputes the claim, the producer's dispute on the RMA modification, revision or correction will be with RMA.
  - (a) The producer may request administrative review, mediation, or appeal to NAD in accordance with section 20(e) of the Basic Provisions.
  - (b) The AIP shall provide RMA with cooperation and assistance as needed in any dispute with the producer.
  - (c) The producer may not bring arbitration, mediation or litigation action against the AIP.
- (4) If the RO opts out of participating in the claim before any field loss determination is made in accordance with the above procedures, RMA's obligation to participate with or assist the AIP in defending any subsequent dispute of the claim will be the same as it is for any other claim in which RMA has not intervened.
- (5) ROs shall consult with RMSD when considering to opt out of participation.

## **46 Request an Administrative Review**

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### **A. General Information**

If the insured does not agree with FCIC's determination, they have a right to request an administrative review of the FCIC decision within 30 calendar days of receipt of written notice of the adverse decision in accordance with 7 C.F.R. part 400, subpart J, by providing the required information to the RMA Deputy Administrator for Insurance Services at:

Deputy Administrator for Insurance Services  
USDA/RMA/Insurance Services/STOP 0805  
ATTN: LARGE CLAIM ADMINISTRATIVE REVIEW  
1400 Independence Avenue SW  
Washington, DC 20250-0805

First class mail to Washington, DC is often delayed for security measures. Participants are encouraged to send information by a delivery service that records pickup or postmark, and records and guarantees delivery.

### **B. Processing Requests for Review**

If the insured requests a Large Claim Administrative Review, RMSD will notify the RO of the request. RMSD will review the SharePoint documents and if necessary contact the RO, the producer or AIP for additional information or documentation. RMSD is responsible to scan, appropriately name and upload new additional information to SharePoint. RMSD conducts its review, a Decision Letter is drafted and cited Exhibits are attached. Prior to the DAIS signature, RMSD will debrief the RO as to its decision. RMSD is responsible to scan, name and upload the signed Decision Letter to SharePoint and to send the Decision Letter and Exhibits to the insured in accordance with PII requirements. The RO shall receive a cc of the decision letter.

## **47 Request Mediation**

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### **A. General Information**

If the insured does not agree with FCIC's determination, they also have a right to:

(1) Request mediation of the FCIC decision within 30 days from receipt of the decision letter. The insured may seek mediation in addition to administrative review.

(2) Request mediation from the appropriate state mediation program.

(a) The following states have USDA State Agricultural Mediation Programs:

Alabama, Arizona, Arkansas, California, Florida, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Rhode Island, South Dakota, Texas, Utah, Vermont, Virginia, Washington, Wisconsin, Wyoming

Contact the State Mediation Coordinator/Director for information.

(b) For all other states, which do not have a certified mediation program, contact the RMA Appeals, Litigation and Liaison Staff at (202) 720- 2730.

The mediation service generally requests the participant to include a copy of the RMA decision letter with the request.

Although the insured has a right to seek both administrative review and mediation, they cannot occur at the same time. If both mediation and administrative review are requested at the same time, the administrative review will be held in abeyance until the conclusion of mediation.



## **48 Request an Appeal**

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### **A. General Information**

If the insured does not agree with FCIC's determination they have a right to:

- (1) **Request an appeal** within 30 calendar days from receipt of the RO decision letter in accordance with 7 C.F.R. part 11, by writing directly to the National Appeals Division (NAD) at the following address:

Regional Assistant Director  
National Appeals Division  
(Refer to their website at: [www.nad.usda.gov/](http://www.nad.usda.gov/) for the regional address)

Nothing herein precludes an insured from electing both an administrative review and mediation. Further, if they elect to utilize the administrative review and/or mediation, they can still appeal to NAD after the receipt of the administrative review or completion of the mediation, whichever is later. If the administrative review or mediation concludes with a different decision, then the insured has 30 days to request an appeal from NAD. If the administrative review or mediation supports RMA's original decision, the insured will have only the remaining time to appeal to NAD after the conclusion of the administrative review or mediation, whichever is later.

### **B. Preparing to Defend Adverse Decision**

In the event of an adverse decision and a filing for an appeal, the following guidelines are required:

- (1) Prepare agency decision letter to include:
  - (a) Regulatory and statutory basis for your decision;
  - (b) The facts of the situation; and,
  - (c) The evidence and documents used to arrive at your decision as exhibits;
- (2) If applicable:
  - (a) Obtain written opinions from experts in the field;
  - (b) Obtain published documentation supporting your decision; and
  - (c) Prepare a witness list.



## Acronyms and Abbreviations

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The following table provides approved acronyms and abbreviations used in this handbook.

<b>Acronym/ Abbreviation</b>	<b>Term</b>
AIP	Approved Insurance Provider
APH	Actual Production History
CAE	Center for Agribusiness Excellence
CFR	Code of Federal Regulations
CIH	Crop Insurance Handbook
DAIS	Deputy Administrator of Insurance Services
DAS	Data Acceptance System
ECIC	Eligible Crop Insurance Contract
FAD	Final Agency Determination
FCIC	Federal Crop Insurance Corporation
FSA	Farm Service Agency
GFP	Good Farming Practices
GNP	Good Nursery Practices
LAF	Liability Adjustment Factor
LAM	Loss Adjustment Manual
LASH	Loss Adjustment Standards Handbook
LC	Large Claim
LCH	Large Claim Handbook
LCR	Large Claims Review
LCTL	Large Claims Team Leader
LPRA	Livestock Price Reinsurance Agreement
MIF	Misreported Information Factor
NAD	National Appeals Division
NRCS	Natural Resources Conservation Service
OGC	Office of General Counsel
OIG	Office of Inspector General
PIVR	Plant Inventory Value Report
RCO	Regional Compliance Office
RMA	Risk Management Agency
RMSD	Risk Management Services Division
RO	Regional Office
SP	Special Provisions
SRA	Standard Reinsurance Agreement
USDA	United States Department of Agriculture



## Definitions

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The following are definitions of terms used in this handbook.

AIP means a legal entity, including the company, which has entered into a SRA with FCIC for the applicable reinsurance year.

Authorized Representative means any person, whether or not an attorney, who is authorized in writing by the insured to act for the insured.

Cost Savings means the amount of indemnity and premium not paid as a result of the correction of error(s) discovered by RMA or the AIP on claims for which RMA elected to participate. Cost savings must be calculated when RMA modifies, revises or corrects a claim during review prior to the AIP reaching agreement with the producer or prior to the AIP making payment to the insured on the claim. Cost savings cannot be counted for the portion of the initial decision not supported in administrative review, NAD appeal, NAD Director's review, or judicial review.

Eligible Crop Insurance Contract (ECIC) means an insurance contract with an eligible producer: (1) covering an agricultural commodity authorized to be insured under the Act and approved for sale by FCIC; (2) with terms and conditions in effect as of the applicable contract change date; (3) that is sold and serviced consistent with the Act, FCIC regulations, FCIC procedures, and this Agreement; and (4) that has a sales closing date within the reinsurance year.

*For the purposes of a Large Claim Review, an ECIC is commonly referred to as a county/crop contract. Compliance and Insurance Services will use the ECIC definition as the basis for identifying claims that must be reviewed. Claims that fall within the ECIC definition for this purpose include any:*

- *single claim that exceeds the threshold for an ECIC due to prevented planting and/or production losses or area loss*
- *aggregate ECIC claims including claims that were closed and subsequent claims that exceed the threshold due to prevented planting and/or production losses*
- *ECIC claim that exceeds the threshold due to "calculated revenue" loss on an Adjusted Gross Revenue, Adjusted Gross Revenue-Lite, or Revenue Protection plans of insurance.*

**Exception:** *For the Revenue Protection plans of insurance; if neither the ECIC prevented planting and production losses **nor** the calculated revenue claim exceed the threshold, the entire claim exceeds the threshold, RMA will not include the policy under the review requirement.*

Inspection means the verification:

- as to whether the application, production report, acreage report, notice of claim, or other relevant documents in accordance with FCIC procedures (such as a Farm Report for AGR eligible crop insurance contracts) were timely submitted

**Definitions (Continued)**

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- of the information reported on the documents referenced above, and related to the claim, including preliminary and final loss adjustment (Verification of the approved yield will consist of examination of the records supporting the last three years certified for the crop, and
- related to pre-harvest, growing season, or pre-acceptance examination of the crop
- that policy documents, including but not limited to, actuarial documents, have been properly used and applied
- that the reported practice is being carried out in accordance with good farming practices
- that crop has been planted, or replanted, as applicable
- that the policy constitutes an eligible crop insurance contract
- that the producer qualifies as an eligible producer, and
- that the agent and loss adjuster has complied with FCIC procedures.

Large Claim means a potential claim on an ECIC with an indemnity in excess of \$500,000, or such amount as determined by FCIC according to MGR 08-010, or the production losses or indemnity under such claim are likely to exceed such amount.

Verification means the determination of whether information submitted is true and accurate through independent third parties or independent documentation in accordance with FCIC procedures. With respect to certifications, asking the policyholder whether the information is true and accurate does not constitute verification.

Written Documentation means any written information in hard copy or compatible electronic format, including facsimile.



**Forms**

**A. Claim Checklist Form**

The following is the Claim Checklist Form. Fully explain and document all answers and the basis of the answers on a separate page and attach to Claim Checklist Form.

Insured's Name				Claim Number		Policy Number	
Crop(s) – Units(s)							
Yes	No			Yes	No		
<input type="checkbox"/>	<input type="checkbox"/>	1	Insured present	<input type="checkbox"/>	<input type="checkbox"/>	21	Acreage determined/method
<input type="checkbox"/>	<input type="checkbox"/>	2	Insurable entity verified	<input type="checkbox"/>	<input type="checkbox"/>	22	Acreage replanted
<input type="checkbox"/>	<input type="checkbox"/>	3	Timely notice	<input type="checkbox"/>	<input type="checkbox"/>	23	Replanting payment
<input type="checkbox"/>	<input type="checkbox"/>	4	Share verified	<input type="checkbox"/>	<input type="checkbox"/>	24	Certification form
<input type="checkbox"/>	<input type="checkbox"/>	5	Companion contract verified, if applicable	<input type="checkbox"/>	<input type="checkbox"/>	25	Sold production verified
<input type="checkbox"/>	<input type="checkbox"/>	6	Legal Description verified	<input type="checkbox"/>	<input type="checkbox"/>	26	Farm stored production verified
<input type="checkbox"/>	<input type="checkbox"/>	7	Practice(s) insurability verified	<input type="checkbox"/>	<input type="checkbox"/>	27	Comingled production
<input type="checkbox"/>	<input type="checkbox"/>	8	Insurable type/variety verified	<input type="checkbox"/>	<input type="checkbox"/>	28	Fed production verified
<input type="checkbox"/>	<input type="checkbox"/>	9	Planting dates verified	<input type="checkbox"/>	<input type="checkbox"/>	29	Other names/entities for production verified
<input type="checkbox"/>	<input type="checkbox"/>	10	Unit/unit division verified	<input type="checkbox"/>	<input type="checkbox"/>	30	All production accounted for
<input type="checkbox"/>	<input type="checkbox"/>	11	Risk area verified	<input type="checkbox"/>	<input type="checkbox"/>	31	Unusual/controversial circumstances
<input type="checkbox"/>	<input type="checkbox"/>	12	Insurable cause of loss	<input type="checkbox"/>	<input type="checkbox"/>	32	Reviewed completed claim with insured or insured's representative
<input type="checkbox"/>	<input type="checkbox"/>	13	Similar damage	<input type="checkbox"/>	<input type="checkbox"/>	33	Obtain signatures
<input type="checkbox"/>	<input type="checkbox"/>	14	Reasonable APH	<input type="checkbox"/>	<input type="checkbox"/>	34	Second crop acreage
<input type="checkbox"/>	<input type="checkbox"/>	15	Insurable acreage	<input type="checkbox"/>	<input type="checkbox"/>	35	Signatures
<input type="checkbox"/>	<input type="checkbox"/>	16	Sharing interests	<input type="checkbox"/>	<input type="checkbox"/>	36	Other
<input type="checkbox"/>	<input type="checkbox"/>	17	Options/endorsements	<input type="checkbox"/>	<input type="checkbox"/>	37	Other
<input type="checkbox"/>	<input type="checkbox"/>	18	Review previous reports	<input type="checkbox"/>	<input type="checkbox"/>	38	Remarks and field notes on page(s)
<input type="checkbox"/>	<input type="checkbox"/>	19	Previous appraisals	<input type="checkbox"/>	<input type="checkbox"/>	39	Mandatory \$100,000 QC APH review completed by AIP and approved by RMA
<input type="checkbox"/>	<input type="checkbox"/>	20	Quality adjustment eligibility verified				
1	First Inspection	RO Representative signature				Date	
2	Second Inspection	RO Representative signature				Date	
3	Third Inspection	RO Representative signature				Date	
4	Final Inspection	RO Representative signature				Date	



**Forms (Continued)**

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**B. Remarks and Field Notes**

The following is the form for recording remarks and field notes. If more than one form is required, number forms consecutively, such as 1 of 3, 2 of 3, etc.

Insured's Name	Claim Number	Policy Number
Crop(s) – Unit(s)		
Remarks/Notes		
Associated or related materials, such as worksheets, photos, maps, etc.		
Name/Signature	Date	Page ____ of ____

**Forms (Continued)**

**C. Interview/Telephone Record**

The following is the form for recording interview/telephone communications. If more than one form is required, number forms consecutively, such as 1 of 3, 2 of 3, etc.

Insured's Name	Claim Number	Policy Number
Crop(s) – Unit(s)		
Date	Time	
Interview/Call (Circle one)	Incoming/outgoing (Circle one)	
Person contacted:  Name:  Address:   Phone Number: Fax Number: E-mail address:		
Purpose:		
Narrative:		
Name/Signature		Page ____ of ____

## Large Claim Hard Copy File Organization and Storage

- The original file shall be placed in a large accordion pocket folder (s) and retained in RO.
- The folder(s) must have a label, centered on the front of the folder (s), that contains the following information:
  - crop year,
  - name of the insured or entity,
  - the crop name, crop code
  - the policy number,
  - file type (LCR, GNP, or GFP), and
  - the month and year of the case being opened.

**Example:**

**2008 Crop Year  
Farmer Farm, c/o Joe Farmer  
Potatoes (084)  
Policy Number: XXXXXXXX  
Large Claim  
February 2009**

The folder(s) must be kept in a locked cabinet. Please note that anyone, including other agency co-workers, working with or viewing the folder(s) is responsible for maintaining the privacy of the personal information contained within the folder(s).

### **File Contents –**

- **PII Authorization Letter:** A copy of the PII Authorization Letter signed by the RO Director giving authorization to the staff members(s) to take the file out of the office to work the claim.
- **RO Decision Letter:** A copy of the Final signed letter is the RO Decision Letter. The letter is created using the template (*Exhibit 7*). The RO Decision Letter must reference additional documentation, as Exhibits, to support adverse findings (*Exhibit 7*). The template letter is used for Adverse decisions.
- **Exhibit Index:** The Exhibit Index is a table of contents of the exhibits that contains the supporting documentation. The Exhibit Index **must be in the case file retained in RO**.
- **Required Exhibits:** The required exhibits are listed in the exhibit index as each exhibit is described.
  - The Exhibits for the file must be separated from each other by a tabbed index sheet. A tabbed index sheet must be placed between the exhibits even if there are no documents in the Exhibit.
  - On the tab, write the applicable Exhibit name (i.e. EX A, EX A.1, etc). Each Exhibit must have a cover page that states the:
    - exhibit name and title,
    - crop year
    - insured's name or entity name

**Large Claim Hard Copy File Organization and Storage (Continued)**

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- crop name, crop code, and
- policy number.

**Example:**

**Exhibit A – Policy and Procedure  
2008 Crop Year  
Farmer Farms, c/o Joe Farmer  
Potatoes (084)  
Policy # XXXXXX**

- Each page of the Exhibit must be numbered, including the cover page. The pages are numbered by Exhibit and page number. All of the pages are numbered in consecutive order from the cover page through the last page of the Exhibit. (EX A-1, EX A-2...EX A-230).
- The page numbers must be marked in dark ink in the center at the bottom of the page or with a black sharpie, or electronic methods such as Adobe Pro.

**Example:**

**EX A-1**

- The completed hardcopy folder resides in the submitting Regional Office.

**Additional Information –**

- **Duplicate Materials:** the same (exact) information may be received from different sources. Use one set for the exhibit(s) and store all duplicated materials at the end of the file. This material should be separated with a label stating “Duplicate Materials”. It is not necessary to scan duplicate materials.
- **File Retention:** The file will be maintained in accordance with the agency’s Record Keeping Management System guidelines.
- When information is requested, copies of the documentation will be forwarded. Original materials must remain in the Regional Office.

## Guidelines for Supporting File Records

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### **In addition to hardcopy large claim file guidelines contained in Exhibit 4, the RO must:**

- Create and maintain a Chronology of Events log to document significant policy-required actions, such as date of acreage report, notice of loss, etc. and all contacts and actions on the claim, such as date and participants of entrance conference, etc.
- Take photographs with appropriate landmarks and labeling while visiting field sites and conduct appraisals or otherwise document crop and field conditions. Label photos so that anyone unfamiliar with the issue can understand what the photo is intended to communicate. Keep and document all photos.
- Complete and sign Claim Checklist (see Exhibit 1) for each claim review. Explain all responses. Fully document any “No” answers using page 2. Include references to the documents reviewed, interviews conducted, telephone conversations, and/or applicable policy and procedure supporting your determination.
- Complete field notes within 24 hours of completion of the field inspection after leaving the field using “Claim Checklist Form Remarks & Field Notes,” Exhibit 3. This is necessary to assert the notes were contemporaneous.
- Prepare and submit to the RO Director a trip report that includes your observations, findings, and recommendations based on information documented in your Claim Checklist and Field Notes. This information provides the basis for making a decision whether there is an adverse determination and if appropriate, to begin drafting the body of your adverse decision letter.
- Develop a record of phone conversations and interviews for the file as they occur. Include the time of day, date, the name, address and contact information for the person you are talking to, the purpose of the call and a written overview of the conversation. In some cases, you may want to document what the person is saying word for word. Do not hesitate to ask them to repeat something to ensure that you clearly understand what they are saying. Use the Interview / Telephone Record, Exhibit 4, to aid in this documentation.

When interviewing the insured or others, write notes of the conversation and ask the insured or other person to review, edit to ensure accuracy of the conversation, sign and date the special report. If the person refuses to sign, make note of such on the special report in the presence of the person being interviewed, sign and date.

- If RO representative is asked to keep the person’s name and contact information confidential, do so. It is very important to comply with the person’s wishes. If the information provided is pertinent to the issue or supports an adverse finding then, if possible, verify the validity of the information through other sources.
- Ensure that copies of all documents are clear, easy to read, and understandable. Include an objective narrative when appropriate to ensure a person unfamiliar with the issue can understand its purpose and how it pertains to the proper determination of the claim amount.
- Obtain copies of all documents in the AIP underwriting and claim files.  
**Note:** AIP field notes may be located in the agent’s copy of the policyholder file.

**Guidelines for Supporting File Records (Continued)**

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- Any requests for AIP action, such as measuring insured and determining uninsured acres, obtaining documentation, completion of the mandatory APH review, researching a GFP issue, etc. must be in writing and submitted to the AIP as soon as possible. E-mail should be avoided to the extent possible. Telephone requests in accordance with item above, followed up in writing is recommended. Set a reasonable date for completing the action and document when it is complete. If not completed by the agreed upon date, immediately contact by telephone and follow up in writing with the AIP about the matter. Document your actions and the AIP's responses in the official file.

Include AIP National Claims Manager on requests for documents or completing of actions when local efforts to obtain needed information have failed.

## Electronic File Organization

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The hard copy folder must be substantially complete before any documents are numbered and scanned. Substantially complete means you have collected pertinent documentation and you are ready to begin your decision letter.

**All documentation** contained in the hardcopy folder must be scanned as pdf files (in file order) with the exception of:

- data that is too large to be scanned (such as periodicals),
- data not suitable for scanning (such as certain types of photographs), or
- data marked as duplicated data.

For these exceptions, the Exhibit will only include a page noting where the information is located in the RO and a copy is available upon request.

**Example:**

*The documentation for this exhibit is located in the (Name of the Regional Office) and is available upon request.*

When the data is the Basic Provisions, CIH, LAM or other large handbooks, **in lieu of copying the entire document**, copy the cover page, the table of contents, the actual page(s) that you are referencing and add a note on the Exhibit cover page of the document citation and the pages copied. **Please note however, this does not apply to the Crop Provisions – it is a smaller document and must be copied in its entirety.**

Data marked as “Duplicated Materials” in the hard copy file is not required to be scanned.

The Naming Convention for each “pdf” file will be:

- insured’s **last name** or entity name,
- exhibit ID and exhibit name, and
- the file extension is .pdf
- there is a space between segments:

**Example:**

**Farmer Farms Potatoes EX A.1 Basic Provisions.pdf**

After the draft RO Decision Letter is signed, it becomes the Final signed version. The final signed version will be scanned prior to mailing and will use the same naming convention as follows:

**Example:**

**2008CY Farmer Farms Potatoes XXXXXX LCR Final Letter 01-23-09.pdf**

All subsequent letters and exhibits are scanned and uploaded as they are delivered or revised. Any revised files must contain the letters “REV” prior the new date (date of revision).

**Example:**

**Farmer Farms EX A.1 Basic Provisions REV 02-18-09.pdf**

To prepare for the electronic file process, the RO will create a new folder on their internal “s:drive”. The scanned pdf files will be stored in this directory. The folder will be named with the crop year, insured’s name or entity name, crop name, and file type.

**Electronic File Organization**

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**Example:****2008CY Farmer Farms Potatoes LCR**

The RO then prepares a folder on SharePoint “gfplc”. The naming convention for the folder will be the same as the “s:drive” folder name (noted above). The SharePoint folder is created when the case is opened. As files are scanned, they are uploaded from the RO “s:drive” to SharePoint “gfplc” site. Each RO office and WDC has an existing folder on the LC site.

When the upload is completed, the electronic folder must contain all of the documentation contained in the hard copy file (not including the exceptions noted earlier). The “s:drive” and the SharePoint folders for GFP and LCR documents must always match. Revisions may occur such as receiving additional information from the producer or a second opinion from an independent consultant. For these revisions, as exhibits are added or revised, the hardcopy file, the electronic file, the “s:drive” folder and the SharePoint folder must be updated accordingly.



## Decision Letter Templates

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### A. RO Large Claim Review Adverse Decision Letter Template

**Note: Letters and Exhibits mailed to the policyholders must be packaged, marked and processed according to PII requirements.**

#### General Rules for Writing the Letter:

- Follow the format. Do Not Change or Substitute Section Headers. Address Each Section as indicated in the example.
- Write clearly in simple terms
- Write in a logical manner
- Write to follow the exhibits in a sequential manner
- Use spell check and grammar check
- Watch for tone and personal bias
- Use non-controversial terms
- Double check all references and quotations
- Make certain that you use the correct version (applicable crop year and plan of insurance) of the Crop Policy, Provisions, Manager's Bulletins, etc. used as your exhibits
- Update the Header to reflect the Insured's Name
- Refrain from stating personal opinions or observations assumed but not supported by facts
- The Template Letter may not be in the exact font and margin size of the approved letter format used by RMA for correspondence. Please format accordingly in terms of letterhead, font and margins.
- Include exhibits for any adverse decision
- Include an Exhibit Index at the end of the letter. Refer to the example after the Administrative Review Letter Template.
- AIP shall use track changes and save document to show suggested changes.
- The concurrence line is to show agreement with track changes.

Decision Letter Templates (Continued)



United States Department of Agriculture

Date

Risk Management Agency

VIA CERTIFIED MAIL- XXXXXXXXXXXXXXXXXXXX

Concurrence:

Regional Office

RMA RO Dir. or Deputy Dir. \_\_\_\_\_

Date \_\_\_\_\_

AIP National Claims Manager \_\_\_\_\_

Date \_\_\_\_\_

(Address)

AIP Regional Claims Manager \_\_\_\_\_

Date \_\_\_\_\_

(Address)

(Address)

(Insured or Legal Representative Name/Title)

(Address)

(Address)

(Address)

RE: Large Claim Review for (Name of Insured) (Crop Year), (Crop), (Policy #XXXXXXX) (County Name), (State Name)

Dear (Insured or Legal Representative Name):

(Full Name of AIP) (AIP acronym) has notified you that the Risk Management Agency (RMA), which administers the programs of the Federal Crop Insurance Corporation (FCIC), elected to participate in the adjustment of your claim for the above referenced policy. This policy is reinsured by FCIC under the provisions of the Federal Crop Insurance Act (the Act) (7 U.S.C. 1501 et seq.). As a Federal regulator of the crop insurance program, FCIC has the authority to take such actions as necessary to ensure the program is administered in accordance with the Act, applicable regulations, policy provisions, and procedures. In its exercise of this authority, RMA has elected to participate in making loss determinations for your claim under the authority of the 2005 Standard Reinsurance Agreement and Manager's Bulletins MGR-05-009 and MGR-05-009.1. RMA's (Name of Regional Office) (RO acronym) is authorized to make large claim determinations on behalf of FCIC.

This is the final decision on your claim for indemnity based on all information provided by you, and obtained and verified by (Full Name of AIP) and (Name of Regional Office).

Notice and Cause of Loss: (Required Section)

(Sample Wording)

(AIP name and acronym) received a notice of loss on (Date of notice of loss) for Policy Number MP-XXXXXXX. The MPCCI claim notice(s) of loss forms stated that the insurable cause of loss was (list cause of loss) for this (list crop name) policy.



The Risk Management Agency Administers And Oversees All Programs Authorized Under The Federal Crop Insurance Corporation An Equal Opportunity Employer

**Decision Letter Templates (Continued)**

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The claim was received by loss adjuster, (Name of loss adjuster) on September 11, 20XX. After failed attempts to contact the insured by phone on September 12, September 14 and September 15, Mr. (Name of loss adjuster) was informed the contact numbers he received were inaccurate and initial contact was made on the 15<sup>th</sup> of September, 20XX at 6pm. You stated that dry weather in June stunted the growth of your tobacco crop but felt that it maintained the potential to reach his estimated production. Excessive rains accompanying Tropical Storm Hanna in early September would later prove to further damage your crop. You stated that poor growth early in the growing season postponed the start of harvest until the first part of August.

(The name of AIP) and (name of RO) RO were unable to confirm the dry weather you reported affecting your tobacco in June. According to weather reports from (XXX) weather station nearest to your farm, located at XXX, in XX County, 50 miles away, the average temperatures were exactly normal, and at no time exceeded the average temperature of 85 degrees (see enclosed weather data Exhibit X.X).

(The name of AIP) and (name of RO) note that you report planting your tobacco on your crop insurance acreage report on XXX, and reported planting on XXX to the Farm Service Agency. Although the dates are two weeks apart, both dates you certified are by the final planting date for the insured crop.

**Policy Coverage Review : (Required Section)**  
**(Sample Wording)**

(Name of Loss Adjuster), (AIP acronym) Senior Adjuster, reviewed the policyholder file. A copy of the application dated XX was obtained from the file. The entity on the policy is reported as a spousal entity, with (Insured's Name) and wife, (Insured's Wife Name). Their Social Security numbers are on file. Verification of the share (1.00) was made from sales and FSA documentation. You are a carryover insured and elected 65 percent (65%) and 100 percent (100%) price election.

The following Farm Serial Numbers (FSN) were Added Land to create one Enterprise Unit for all tobacco grown in the county: FSN XXX (19.54 acres), FSN XXX (2.73 acres), FSN XXX (15.09 acres), FSN XXX (41.03 acres) and FSN XXX (23.00 acres). The Added Land was assigned XXX, the same yield as the existing acreage (FSN XXX; 540.29 acres) as outlined in the provisions of the FCIC 18010 Crop Insurance Handbook (CIH) for adding insurable acreage. Copies of Acreage Reports for crop years 20XX-20XX were obtained; reports were signed and timely submitted. Signed production reports for crop years 20XX-20XX are also on file.

**Claim Review: (Required Section)**  
**(Sample Wording)****Field Visit & Recorded Final Loss Paperwork: September 24, 20XX**

(Loss Adjuster's Name) and (Loss Adjuster's Name), (AIP acronym) Loss Adjusters, (Loss Adjuster's Name), (AIP acronym) Senior Loss Adjuster, (RO Employee's Name) and (RO Employee's Name), RMA Representatives met and reviewed the claim file for the (Name of crop) crop on September 24, 20XX. After reviewing the claim file, all parties traveled to meet with the insured for the farm visit. The initial field inspection took place at this time and all tobacco production had been harvested. Upon inspection of the remaining stalks, it appeared that most stalks varied from 2 to 3 feet in height and produced 12 to 14 leaves each. Soil types were noted as marginal for a majority of the tobacco fields; therefore, soil tests and fertilizer records were requested. You provided soil tests for each unit taken on XXX, showing XXXX, and the following fertilizer receipts from Farm Bureau, XXX (Exhibit X.X):  
[List date, amount and chemical].

**Decision Letter Templates (Continued)**

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On November 5, 20XX, (Loss Adjuster's Name), the adjuster contacted Cumberland Agriculture Extension Agent, (County Extension Agent's Name), and they discussed Mr. (County Extension Agent's Name) observations of the insured acreage throughout the growing season. (County Extension Agent's Name) noted the Fusarium Wilt Disease was evident in the crop but that the extremes of drought early in the growing season and excessive rain late in the growing season were the prevalent factors in the crop's poor performance. It was his opinion that adverse weather affected your crop; there were no controls to prevent or mitigate the effects of Fusarium Wilt Disease.

**Acreage and Liability Review: (Required Section)****(Sample Wording)**

(Loss Adjuster's Name) reviewed the FSA 578's and maps. All the acreage was verified by FSA maps and the field observations showed the acreage would measure within the 5% of the certified acreage as allowed by FCIC issued procedures. The 100 percent (100%) share was determined to be correct by FSA information along with marketing records and verified by the producer. All salvageable tobacco was harvested and permission to destroy stalks was given on September 24, 20XX, the date of the stalk inspection. No quality adjustment was needed as shown on the production worksheets.

**Actual Production History (APH) Review: (Required Section)****(Sample Wording)**

If a claim exceeds \$100,000, the AIP is required to conduct an APH review of the production and acreage for the past three years.

Prior to the (Regional Office Name) RO conducting the APH review for your claim: Senior Adjuster, (Loss Adjuster's Name) had already reviewed production history for years 20XX, 20XX, and 20XX, using sales records and loss documentation. Sold production was also verified by sales records from Phillip Morris International, Phillip Morris USA, and the Flue-Cured Tobacco Stabilization Corporation. FSA-578's for 20XX, 20XX, 20XX, and 20XX were obtained from Cumberland County FSA to verify acreage reported for crop insurance purposes.

For the 20XX crop year, acreage and production records, including loss records, supports the yield recorded on the APH form and were verified by Mr. (Loss Adjuster's Name). Also, a Quality Control Review was done for the 20XX crop year.

All APH crop years have been verified. Acreage and production records have been verified as reported for crop years 20XX through 20XX.

**Plant Inventory Value Review (PIVR) and Record Review: (Required for Nursery)****(Sample Wording)**

In documenting your claim, a Nursery PIVR Supporting Record Review was completed to verify the reported values by plant unit/type supported by your records. The Record Review resulted in the following findings for unit 00100 (Foliage):

The value you reported on your PIVR for Unit 00100, Foliage plants, of \$XXX,XXX (Exhibit X.X & Exhibit X.X) was found to be within tolerance in accordance with MGR-08-013.1 effective for 2008 and succeeding crop year claims, which raised the tolerance previously established via MGR-08-013 for over-reporting nursery inventory values from 5% to 10% and states in relevant part as follows (Exhibit X.X).

**Decision Letter Templates (Continued)**

**Policy and Procedure: (Required Section)  
(Sample Wording)**

The Common Crop Insurance Policy Basic Provisions (Basic Provisions) (Exhibit X.X) states in Section 14 Duties in the Event of Loss, Abandonment, Destruction, or Alternative Use of Crop or Acreage, Your Duties:

*“(e) You must establish the total production or value received for the insured crop on the unit, that any loss of production or value occurred during the insurance period, and that the loss of production or value was directly caused by one or more of the insured causes specified in the Crop Provisions.”*

The primary insurable cause of loss for your claim was excess moisture occurring in XX. Section 10 Causes of Loss of the Guaranteed Tobacco Crop Provisions (99-071) states that an adverse weather condition is an insurable cause of loss.

Section 12 Settlement of Claim of the Guaranteed Tobacco Crop Provisions (99-071) was applied to the settlement of your claim (Exhibit X.X).

Settlement of Claim of the Guaranteed Tobacco Crop Provisions (99-071), Section 12 (a) states: “We will determine your loss on a unit basis.” Section 12 (b) states (Exhibit X.X):

*“In the event of loss or damage covered by this policy, we will settle your claim by:*

- (1) Multiplying the insured acreage by its respective production guarantee, by type if applicable;*
- (2) Multiplying each result in section 12(b)(1) by the respective price election, by type if applicable;*
- (3) Totaling the results of section 12(b)(2) if there are more than one type;*
- (4) Multiplying the total production to count (see section 12(c)), for each type if applicable, by its respective price election;*
- (5) Totaling the results of section 12(b)(4), if there are more than one type;*
- (6) Subtracting the results of section 12(b)(4) from the results of section 12(b)(2) if there is only one type or subtracting the results of section 12(b)(5) from the result of section 12(b)(3) if there are more than one type; and*
- (7) Multiplying the result of section 12(b)(6) by your share.”*

**Settlement of Claim: (Required Section)  
(Sample Wording)**

This flue cured tobacco claim was calculated by (AIP acronym) in the following manner: (1) multiplying the insured acreage by its respective production guarantee, (2) multiplying that result by the respective price election, (3) multiplying the total production to count by its respective price election, (4) subtracting the results of step 3 from the value of step 2, and (5) multiplying that value by the percent of your share, to complete the settlement calculation.

The indemnity calculation is as follows:

<u>FSN</u>	<u>Acres</u>	<u>Total Lbs Guarantee</u>	<u>Production Sold</u>	<u>Indem Pounds</u>	<u>Price Election</u>	<u>Indemnity</u>
XXXX	540.29	1,125,424	283,561	841,561	\$1.60	\$1,346,981
XXX	19.54	40,702	13,766	26,936	\$1.60	\$43,098

XXX	15.09	31,432	10,818	20,614	\$1.60	\$32,982
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**Exhibit 7**

**Decision Letter Templates (Continued)**

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XXXX	41.03	85,465	18,945	66,520	\$1.60	\$106,432
XXXX	23.00	47,909	17,366	30,543	\$1.60	\$48,869
XXX	<u>2.73</u>	<u>5,687</u>	<u>1,510</u>	<u>4,177</u>	\$1.60	<u>\$6,683</u>
<b>Total</b>	<b>641.68</b>	<b>1,336,619</b>	<b>345,966</b>	<b>990,653</b>		<b>\$1,585,045</b>

The final total indemnity for this flue cured tobacco claim is \$1,585,045.

The (Regional Office Name) RO conducted an extensive review of the loss documents prepared and/or used by (Full Name of AIP) to complete your claim. This included appraisal worksheets, production worksheets, FSA 578's and maps. Therefore, the (Regional Office Name) RO is in agreement with (Full Name of AIP) for this indemnity payment.

**Exit Interview: (Required Section)**  
**(Sample Wording)**

On (date) RO representatives, XXX and XXX and AIP representatives XXX and XXX met with you to discuss preliminary claim determinations. The two issues for discussion was your assertion that drought early in the season affected your tobacco production and the discrepancy in the reported planting dates. It was agreed that within 10 days, you would provide additional documentation for consideration to establish that drought affected your tobacco crop, and to establish your planting dates.

On XXX you provided contemporaneous notes from your day planner that document the temperature and rainfall that occurred at your farming location. These records were supported by newspaper articles dated XX, and XXX from the Down Home News which mention record breaking temperatures of XXX and XXX that occurred in your area during June. Since the closest weather station is 50 miles away from your farming location, this documentation is considered acceptable to establish weather conditions. The XX RO and AIP agree that drought was a secondary cause of loss affecting your tobacco production.

The discrepancy of reported planting dates was resolved by your receipts for paying XXX to transplant your tobacco. Your crop insurance certification of planting dates is accurate. The certification to FSA may have been a transposition error.

There is no dispute on the amount of acreage, liability or APH.

**Summary: (Required Section)**  
**(Sample Wording)**

The (XXX) RO and (name of AIP) agree on all claim determinations explained herein for your policy. The (XXX) RO has authorized (name of AIP) to issue your indemnity payment, less any premium owed.

**Your Right to Administrative Review, Mediation, or Appeal: (Required Section)**

Section 20(j) of the Basic Provisions states:

*“If FCIC elects to participate in the adjustment of your claim, or modifies, revises or corrects your claim, prior to payment, you may not bring arbitration, mediation or litigation action against us. You must request administrative review or appeal in accordance with section 20(e).”*

**Decision Letter Templates (Continued)**

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In accordance with the preamble of your policy, the term “us” refers to the company providing insurance. Therefore, if you disagree with FCIC’s findings in this letter, you cannot seek redress from your insurance company. Your only recourse is to request an administrative review or appeal in accordance with section 20(e).

Section 20(e) of the Basic Provisions states:

*“Except as provided in section 20(d), if you disagree with any other determination made by FCIC, you may obtain administrative review in accordance with 7 CFR part 400, subpart J (administrative review) or appeal in accordance with 7 CFR part 11 (appeal).*

*If you elect to bring suit after completion of any appeal, such suit must be filed against FCIC not later than one year after the date of the decision rendered in such appeal. Under no circumstances can you recover any attorney fees or other expenses, or any punitive, compensatory, or other damages from FCIC.”*

If you do not agree with FCIC’s determination in this letter you have a right to:

- 1) **Request an administrative review** of the FCIC decision within 30 calendar days from receipt of this letter in accordance with 7 C.F.R. part 400, subpart J, by providing the required information to the RMA Deputy Administrator for Insurance Services at:

(Name of DAIS)  
Deputy Administrator for Insurance Services  
USDA/RMA/Insurance Services/STOP 0805  
ATTN: LARGE CLAIM ADMINISTRATIVE REVIEW  
1400 Independence Avenue SW  
Washington, DC 20250-0805

First class mail to Washington, DC is often delayed for security measures. You are encouraged to send your information by a delivery service that records pickup or postmark and records and guarantees delivery.

- 2) **Request mediation** of the FCIC decision within 30 calendar days from receipt of this letter by writing to the XXXXX Agricultural Mediation Program (include correct name and address) at:

(Name of Mediation Coordinator), Executive Director  
(Address)  
(Address)

For states without an Agricultural Mediation Program, contact the RMA Appeals, Litigation and Liaison Staff at (202) 720- 2730. The mediation service generally requests that you include a copy of this decision letter with your request. Or,

- 3) **Request an appeal** within 30 calendar days from receipt of this letter, unless the appellant participated in an administrative review or mediation, the appellant will have only the remaining time to further appeal in accordance with 7 C.F.R. part 11, by writing directly to the National Appeals Division (NAD) at the following address:

**Decision Letter Templates (Continued)**

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Regional Assistant Director  
 National Appeals Division  
 (Appropriate) Regional Office  
 (Appropriate Address)  
 (Appropriate Address)

Nothing herein precludes you from electing both an administrative review and mediation. However administrative review and mediation cannot occur at the same time. If you request both mediation and administrative review, the administrative review will be held in abeyance until the conclusion of mediation. Further, if you elect to utilize the administrative review and/or mediation you can still appeal to NAD within the days remaining from the original 30 days from the receipt of the administrative review or completion of the mediation, whichever is later.

If you have any questions about any of the findings or your rights to, administrative review, mediation, or appeal, you may contact (Regional Office Contact Person's Name) of this office at (XXX) XXX-XXXX.

Sincerely,

Name  
 Regional Office Director

Enclosures (include number and what they are) **if applicable.**

cc: (Name of AIP Point of Contact)  
 Director, (Name of Compliance Office)

**B. RO Non-Adverse Decision Letter**

When the large claim determination is not adverse to the insured in any way – meaning there were no changes to any policy documents and no dispute on the cause or amount of loss, the RO shall write the decision letter to include:

1. The RO participated with the named AIP to complete loss determinations
2. The cause of loss
3. The amount of production or value to count
4. Relevant facts that should be documented
5. The authorization of the AIP to process the claim for indemnity
6. The rights to administrative review, mediation or appeal to NAD from the Adverse Determination template.

Exhibits are not necessary.

Although the decision is not adverse, OGC has advised if appeal rights are not included in non-adverse decision letters the “clock” never stops for the insured to seek recourse, because it never started.



**RMSD Large Claim Administrative Review Letter Template**

**Note: Letters and Exhibits mailed to the policyholders must be packaged, marked and processed according to PII requirements.**



United States  
Department of  
Agriculture

**VIA OVERNIGHT MAIL**

Risk  
Management  
Agency

(Insured or Legal Representative Name/Title)  
(Address)  
(Address)

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

RE: Administrative Review Decision  
for (Name of Insured)  
(Crop Year), (Crop), ( Policy #XXXXXXXX)  
(County Name), (State Name)

Dear (Insured or Legal Entity Name):

The Risk Management Agency (RMA), which administers the program of the Federal Crop Insurance Corporation (FCIC), has completed its administrative review of the claim determinations issued by RMA’s (RO Name) Regional Office (RO) on (date of RO Letter), incorporated as Exhibit B. To complete this administrative review of the large claim, RMA has carefully reviewed the (RO Name) RO decision file, related information submitted on behalf of the (insured’s name), and documentation provided by (insured’s name).

***(RO Name) Position: (prior to writing the letter, determine the issues, number them and address them in the section as part of the summary. For example, Issue No. 1:)***

Concisely summarize the RO’s position listing and addressing each issue separately. Reference the exhibits containing specific documents rather than quoting large portions directly from the Policy, Provisions, the insured or consultants. However, when it is necessary to quote the document or a person, indent the quotation, set the statement between quotation marks, and italicized the statement (See Example below).

State the facts as given. Do not expand, change, re-state, or re-interpret the RO letter for intent or clarity.

**Example for Quotation:**

Mr. Adjuster stated:

*“All of the 2005 nursery stock that was determined to be destroyed was in fact destroyed.”*

***(Insured Name) Position: (restate each issue identified above in the RO and address each one using the same issue number)***

Concisely summarize the Insured Producer’s position listing and addressing each issue separately. Reference the exhibits containing specific documents rather than quoting large portions directly from the Policy, Provisions, the insured or consultants. However, when it is necessary to quote the document or a person, indent the quotation, set the statement between quotation marks, and place the statement in italics. State the facts as given. Do not expand,



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

**RMSD Large Claim Administrative Review Letter Template**

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change, re-state, or re-interpret the Insured's letter for intent or clarity.

**Administrative Review Determination:** *(restate each issue identified above in the RO and Insured positions and address each one using the same issue number)*

Write your determination in a clear and logical manner. Address each concern stated by either the RO or the insured. State your agreement or disagreement with the position of either or both. Justify your position with the law, policy, procedures or related documentation (this information must be part of the Exhibits). Reference the page and paragraph of the Exhibit you are using to state your justification. Use language with a matter of fact tone. Be aware of personal for bias. Write your statements to display only the facts, not your feelings.

**Your Right to Appeal:**

If you do not agree with FCIC's determination in this letter you have a right to exercise one of the following options:

- 1. Request mediation** of the FCIC decision within XX calendar days from receipt of this letter by writing to the XXXXX Agricultural Mediation Program (include correct name and address) at:

(Name of Mediation Coordinator), Executive Director  
(Address)  
(Address)

For states without an Agricultural Mediation Program, contact the RMA Appeals, Litigation and Liaison Staff at (202) 720- 2730. The mediation service generally requests that you include a copy of this decision letter with your request. Or,

- 2. Request an appeal** within XX calendar days from receipt of this letter in accordance with 7 C.F.R., part 11, and 7 C.F.R. §400.92 by writing directly to the National Appeals Division (NAD) at the following address:

Regional Assistant Director  
National Appeals Division  
(Address)  
(Address)

If you have questions concerning this determination or your right to appeal, you may contact the RMSD Director at (202) 720-4232.

Sincerely,

Name  
Deputy Administrator for Insurance Services

Exhibits:

*(List Exhibits in numeric order using the Exhibit Index. Make sure your letter follows the exhibit order as you are composing your findings) It is not necessary to send exhibits that were already sent with the RO decision.*

cc: (Name of AIP Point of Contact)

**RMSD Large Claim Administrative Review Letter Template**

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(AIP Address)

cc: Director, (Name of RO) Regional Office

cc: Director, (Name of Compliance Office)

**Exhibit Index**

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**Note:** Letters and Exhibits mailed to the policyholders must be packaged, marked and processed according to PII requirements.

**Note:** The exhibit index and exhibits are attachments to the Administrative Review Decision Letter and must be included at the end of the letter. The Exhibit Index shall be divided into three (3) Headings:

**(Heading 1)**

The following exhibits are supporting documentation cited in the Administrative Review Decision Letter and included with this correspondence.

*(Place the exhibits cited in the letter under this heading)*

**(Heading 2)**

The following exhibits are supporting documentation examined as part of the review but was not cited in the Decision Letter and are therefore not included in this correspondence. This information is located at the (RO Name) Regional Office.

*(Place the remaining exhibits, not cited in the letter, under this heading)*

**(Heading 3)**

The following exhibits were provided with the [named] RO and are not provided again with this determination.

**The list of exhibits as follows:****EX A Policy and Procedure**

- A.1 Basic Provisions
- A.2 Crop Provisions
- A.3 Actuarial Documents
- A.4 RMA Handbooks, Memos, Manuals or Bulletins\*

*(\*You may either copy only the portion applicable and then cite on the exhibit cover page the publication, the section or paragraph number and the page number or you may include a statement for this exhibit that directs the reader to the RMA website (include exact location on the website.)*

**EX B Insurance and Claim Documents for Insured**

- B.1 Insured Application
- B.2 Insured Acreage Report (or in the case of Nursery: PIVR, CIVR, etc.)
- B.3 Notice of Loss
- B."X" Other documents such as production summaries, APH reviews, schedule of insurance, non-waiver agreements, previous production and/or claim histories, etc.

**Exhibit Index (Continued)**

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- EX C Insured Position**
- C.1 Letter from the Insured to the RO
- C."X" Other documents from the producer such as personal financial statements, production records, other claim data submitted from the insured such as weather data, published materials (may include consultant reports, journal articles, independent surveys, university studies, newspaper or magazine articles), photographs, GIS data, communications (may include secondary sources such as neighbors, bankers, etc.) This should include, but not be limited to, telephone notes or emails pertinent to the claim that were submitted by the insured.
- EX D Information Provided by AIP**
- D.1 Related LC claim correspondence from AIP to Insured
- D.X Other claim data provided by AIP, including but not limited to weather data, published materials (may include consultant reports, journal articles, independent surveys, university studies, newspaper or magazine articles), photographs, GIS data, communications (may include secondary sources such as neighbors, extension services, FSA, etc). This should include, but not be limited to telephone notes, emails or observations pertinent to the claim submitted by the AIP or AIP representatives.
- EX E Other Pertinent Data Collected by RO**  
*(\*this section may include as many items as collected and may be re-organized to accommodate those items at the discretion of the RO)*
- E.1 Herbicide labels *(for example)*
- E.2 Soil Survey information *(for example)*
- E.3 Communications (RO phone logs and /or notes and should also include any additional communication source submitted by either insured or AIP to support the RO findings or to validate the information provided by either the AIP or the insured).
- E."X" Basically anything that the RO collected (not submitted by either insured or AIP) to assist in a determination.

If the LCR goes to administrative review, RMSD will provide the following exhibits to the RO for the hard copy file and will scan the information, store it on the RMSD S:drive and then upload the exhibits to SharePoint. RMSD will notify the RO, via email, that the exhibits have been added.

- EX F** A copy of the decision letter to the Insured from the RO
- EX G** Letter from the insured to RMDS to initiate Reconsideration or Administrative Review Process
- EX H** Additional information submitted by insured to support his request for Reconsideration and Administrative Review.
- EX H** Additional pertinent data collected by RMSD to validate or reject information and data submitted by the insured, the AIP or the RO.
- EX I** A copy of the signed Decision Letter on the Reconsideration or Administrative

Review Findings to the insured from RMSD.