

United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



Risk Management  
Agency



Insurance  
Services

# LARGE CLAIM STANDARDS HANDBOOK

FCIC-Approved Standards and Procedures for Handling Large Claims and Referrals for Insurance Services, Regional Offices, and AIPs for the 2017 and Succeeding Crop Years.

FCIC-14040  
(12-2016)

FCIC-14040-01  
(04-2017)

**RISK MANAGEMENT AGENCY  
WASHINGTON, D.C. 20250**

<b>TITLE: LARGE CLAIM STANDARDS HANDBOOK</b>	<b>NUMBER: RMA-14040 (12-2016) RMA-14040-01 (04-2017)</b>
<b>EFFECTIVE DATE: Upon approval for 2017 And Succeeding Crop Years</b>	<b>ISSUE DATE: April 11, 2017</b>
<b>SUBJECT:</b>	<b>OPI: Risk Management Services Division</b>
<b>Slipsheets for 2017 Large Claim Standards Handbook released December 6, 2016</b>	<b>APPROVED:</b>  <b>/s/ Robert Ibarra</b>  <b>Deputy Administrator for Insurance Services</b>

**REASON FOR AMENDMENT**

- (1) In Subparagraph 31 E (2), clarified AIP has 15 calendar days to provide policy and underwriting documents to the RO after it elects to participate in a LC and that the documents must be uploaded to the LC/GFP Database.
- (2) In Subparagraph 32 E (1)(a), changed “interview” to “meeting”, “conducting” to “concurring with”, deleted signing and added “other”.
- (3) In Subparagraph 32 E (2)(a), added language defining a complete claim and underwriting file.
- (4) In Subparagraph 32 E (2)(b)(iii), added APH references in the CIH and LAM.
- (5) In Subparagraph 33 B (2), added the words “appropriate RMA office and a written response will be provided back to the requesting RO.” Deleted references to MGR-05-18 and 7 CFR part 400, subpart X interpretation procedures.
- (6) Exhibit 6 was changed to “Sample Entrance Letter to AIP” and a sample template was added. Exhibit 6 was amended to allow the AIP 15 calendar days to upload documents to the LC/GFP Database.

**D RMA RO Declines or Delays the Decision to Participate in a Large Claim (continued)**

- (2) If the RO delays its decision to participate in a LC in accordance with Paragraph 32 C (3), the AIP:
  - (a) may monitor and continue all claim activities required in determining the actual loss amount on the claim.
  - (b) must notify the RO when it becomes clear the loss exceeds the LC threshold if prior to the follow-up date provided by the RO.
  - (c) must notify the RO prior to settlement and payment of the claim if prior to the follow-up date provided by the RO.

**E RMA RO Elects to Participate in a Large Claim**

If the RO elects to participate in a potential LC, the AIP must:

- (1) Collaborate with the RO representative working the claim;
- (2) Upload a copy of the claim file and all policy and underwriting documents to the LC/GFP Database within 15 calendar days;
- (3) Participate in a meeting or conference call with the RO to review the LC process and develop a plan for the field review (see paragraph 32 E (1)) – Large Claim;
- (4) Participate in an entrance conference with the RO and the policyholder;  
**NOTE:** This conference may occur at the start of the initial field visit if the policyholder will be present. However, the timing of the meeting, whether in the field or by phone, should be prearranged with the RO staff.
- (5) Notify the RO before scheduling any loss adjustment activity, including field inspections, so the RO representative may participate;
- (6) Obtain all necessary documents from the policyholder to complete the claim in compliance with all regulations and procedures;
- (7) Submit claim documents to the RO for review and approval. \*\*\*

**NOTE:** 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 in accordance with FCIC's approval, but retains the right to dispute RMA's actions in accordance with the administrative appeals procedures found in 7 CFR part 400.169.

**E RO Large Claim Involvement**

- (1) The RO must hold an in-person meeting or teleconference with the AIP. The RO will:
  - (a) Participate in a **meeting** with AIP adjuster and/or representative to review the LC process and develop a plan for the entrance conference with the policyholder and a field review. Explain that the RO representative will collaborate and participate fully and equally in working the claim with the AIP, including making appraisals, and **concurring with** the APH review and **other** claim documents.
  - (b) Request a briefing from the AIP adjuster on expected issues, difficulties, and other pertinent policyholder file information.
  
- (2) The RO will request the entire loss and underwriting file from the AIP **be uploaded to the LC/GFP Database**, and review the following:
  - (a) The AIP Claim and Underwriting File **\*\*\***; the complete file includes, but is not limited to:
    - Claim file**
    - Notice of Loss;
    - Field notes or inspections to determine potential large claim;
    - GSI and photographs; and
    - All other claim documents related to this policy.
  
    - Underwriting Policy File**
    - Application;
    - APH review;
    - Written Agreement, if applicable;
    - Acreage Report;
    - Pre-acceptance inspection; and
    - All other underwriting documents related to this policy.
  - (b) 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 LC review requires determination that the guarantee and indemnity were properly calculated based on substantiating records for APH certification. The RO must verify the information on the documents is correct via third party records to the extent practical.

**E RO Large Claim Involvement (continued)**

- (iii) The SRA (Appendix IV), BP, CIH, Part 15, Section 6, and the LAM, Part 4, Section 403 are used by the RO and AIP for APH procedure and APH review requirements.
  - (c) Unit Structure, Pre-Acceptance Inspection, legal description, acreage report, and loss experience, as applicable;
  - (d) Insurability of all acreage in the unit(s) involved; and
  - (e) Special underwriting actions; e.g., Written Agreements, Added Land, etc.
  - (f) The RO should review all previous production-loss claim work for that crop policy in the county that was completed prior to reaching the \$500k threshold that required the AIP to provide a LC notice RMA, i.e.- replant and prevented plant claims in that crop year.
  - (g) The RO may elect to participate on future claim(s) in that year for the selected crop policy, if applicable. The RO must provide the AIP written notification prior to completion of the elected LC if they wish to participate in future potential claims.
- (3) Entrance Conference with Policyholder
- (a) The RO will participate in a meeting or conference call with the AIP and policyholder. At a minimum, this meeting agenda should include:
    - (i) An explanation of RMA's involvement in the loss determination;
    - (ii) An explanation of the LC process;
    - (iii) A review of the cause of loss;
    - (iv) A list of the documents that the policyholder will be expected to provide to complete the loss determination and any associated APH review, as applicable; and
    - (v) A plan for keeping the policyholder informed of the claim status.
  - (b) The policyholder should be advised that additional documents may be requested as a result of findings in the reviews.
- (4) Keeping the policyholder informed

## 32 RMA RO Duties (Continued)

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### F Large Claim Files

The LC Case File Organization and Storage Procedure will be used to develop the claim case file, including exhibits, photographs, related documentation and LC Review Decision Letters (see Exhibits 3 and 4).

## 33 Clarification of FCIC–Issued Policy and Procedure

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### A AIP Inquiries

- (1) Regulations published at 7 CFR part 400, subpart X, provide the procedures for requesting written interpretations of the Federal Crop Insurance Act and regulations such as the Basic Provisions and various Crop Provisions. However, written interpretations of FCIC issued procedures are not covered by subpart X.
- (2) For interpretations of the meaning or applicability of procedure, prepare the request according to the criteria in MGR-05-018, dated October 7, 2005, “Requesting a Written Interpretation of FCIC Procedures under Section 20 of the Common Crop Insurance Policy Basic Provisions.”
- (3) The AIP must notify the policyholder of a request for interpretation and give them the opportunity to also submit an interpretation request. If the policyholder decides to submit an interpretation request, it should accompany the AIP submission as a joint request of interpretation of procedure.

### B RMA Inquiries

- (1) Understanding the meaning and the proper application of FCIC-issued policies, standards, and procedures is critical for successful claim participation, documentation of claim determinations, and defense of the RO decision through mediation, administrative review, NAD appeal, and judicial review.
- (2) All RO questions or issues requiring clarification, explanation or interpretation of policies or procedures for LC reviews will be directed to RMSD. RMSD will develop the request for clarification, explanation or interpretation and submit it to the appropriate RMA office and a written response will be provided back to the requesting RO. Verbal responses, e-mail, or phone conversations conducted outside this process are not adequate support for RO determinations. \*\*\*
- (3) If OGC legal sufficiency is needed, RMSD will coordinate this 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 in the RO’s LC Review Decision Letter unless otherwise specified by OGC.

## 34-40 (Reserved)

**Sample Entrance Letter to AIP****VIA E-MAIL**

United States  
Department of  
Agriculture

AIP Name

Attn: Joe Manager

Farm and Foreign  
Agricultural  
Services

Corporate Compliance Manager

Address

Anywhere, US 20250

Risk  
Management  
Agency

Re: Large Claim Review – 2015 Crop Year – Producer Name, Corn,  
Policy Number: 0012345

XXX Regional  
Office

Dear Mr. Manager:

Regional Office  
Address and  
Zip

As you are aware, the Xxxxx Regional Office (RO) elected to participate in the loss adjustment for the potential large claim for Producer (Policy Number: 0012345, Crop: Corn). All coordination of loss adjustment activities, including field inspections, conversations with the producer, and all related activities must include [Xxxxxxx RO]. All future notices or claims filed for this crop are subject to this participation and must be provided to [Xxxxxxx RO].

To maintain a complete claim and underwriting file, the [Xxxxxxx RO], requires the following information and documentation by December XX, 2017 (allow **15 calendar days from election**):

- Name and contact information for loss adjusters(s) for this claim;
- Name and contact information for field loss supervisor for this claim;
- Name and contact information for the underwriter for this policy;
- **Upload** complete underwriting policy file **to the LC/GFP Database**, including but not limited to:
  - Application
  - APH (reviewed and verified by [AIP])
  - Written Agreement, if applicable
  - Acreage Report
  - Pre-acceptance inspection
  - All other underwriting documents related to this policy;
- Complete claim policy file, including but not limited to:
  - Notice of Loss
  - Field notes or inspections to determine potential large claim;
  - GSIs and photographs
  - All other claim documents related to this policy.