

Appendix IV Review Types

- High Dollar Claim Reviews
- Conflict of Interest Reviews
- Data Mining Reviews
- Consecutive Loss Adjuster Reviews
- Rainfall Index / Vegetative Index (RI/VI) Reviews
- ARP Reviews – *Area Risk Protection Reviews*

High Dollar Claim Reviews

Inspections as defined by the SRA are required for all claims when the indemnity paid on a crop basis meets or exceeds \$200,000. The adjuster must notify his/her supervisor immediately if a claim be \$200,000 or more (as defined below), so that a compliance review can commence as soon as possible. This is to ensure there is no delay in completing the review, and the claim can be paid promptly. The SRA Appendix IV defines \$200,000 indemnity reviews as follows:

A) \$200,000 Indemnity Reviews: The Company shall identify and conduct an inspection on any eligible crop insurance contract with an indemnity of \$200,000 or more, where:

(i) For prevented planting losses:

(I) Any single indemnity exceeding \$200,000; and

(II) Any aggregate indemnity, including claims that were closed, and subsequent claims exceeding \$200,000.

(ii) For all other losses:

(I) Any single indemnity exceeding \$200,000; and

(II) Any aggregate indemnity, including claims that were closed, and subsequent claims exceeding \$200,000.

Conflict of Interest Reviews

- The Risk Management Agency (RMA) requires a yearly certification by all insurance company employees, agents, and adjusters to identify potential conflict of interest relationships (business and familial) on a crop insurance policy
- All Approved Insurance Providers (AIPs) are subject to the same RMA requirements and processes
- RMA takes the entire pool of potential conflict of interest policies and filters them through the Center of Agricultural Excellence (CAE) data mining formula
 - CAE detects producers who deviate to a significant degree from the average experience in their area, primarily looking for excessive or persistent losses and yields that deviate/fluctuate to an unacceptable level
 - Only policies with a claim for the crop and county are subject to review
- The RMA/CAE data mining selection lists are issued to all AIPs, generally in the early summer of each year
 - All AIPs are required to conduct conflict of interest reviews and complete the review prior to claim payment or after claim payment if the claim has already been paid.

Data Mining Reviews

Inspections as defined by the SRA will be conducted on policies with anomalies identified by FCIC not to exceed 3% of indemnified eligible crop insurance contracts of the crop year. The SRA Appendix IV defines Data Mining Reviews and Individual Policy Reviews as identified by FCIC as follows:

A) Data Mining Reviews: The Company shall conduct an inspection of eligible crop insurance contracts for which anomalies have been identified by FCIC, not to exceed three percent of eligible crop insurance contracts for the reinsurance year, unless FCIC provides notice that additional inspections are required to address specific program integrity concerns. These reviews will include, but are not limited to, eligible crop insurance contracts with anomalous Actual Production History certifications or identified misapplication of policy or FCIC procedures. FCIC will meet with AIPs annually to consult on the types and scope of data mining reviews to be conducted.

B) Individual Policy Reviews: The Company shall conduct inspections or monitoring programs of eligible crop insurance contracts, entities, agents, loss adjusters, or affiliates identified by FCIC as may be determined necessary by FCIC to protect program integrity.

Consecutive Loss Adjuster Reviews

NAU Country Insurance Company must conduct reviews on not fewer than 15% of the claims where it has been determined that the claim has been worked by the same adjuster for three consecutive claim years. The SRA Appendix IV defines Consecutive Loss Adjuster Reviews as follows:

- A) Consecutive Loss Adjuster Reviews: The Company shall conduct an inspection of at least:
- (i) 15 percent of the eligible crop insurance contracts where the same adjuster has been involved in three consecutive claim years for their Company; and
 - (ii) 15 percent of any additional eligible crop insurance contracts, identified by FCIC, where the same adjuster has been involved in three consecutive claim years among multiple AIPs.

Rainfall Index/Vegetative Index (RI/VI) Reviews – *continued*

(III) Not less than a 3 percent random sample for all Rainfall Index Pasture, Rangeland, Forage and Apiculture eligible crop insurance contracts and a 3 percent random sample for all Vegetation Index Pasture, Rangeland, Forage eligible crop insurance contracts with reported acreage/colonies.

(iii) Acreage/colony report reviews shall include verification of:

(I) Actual acres (total including insured and uninsured acres) versus insured acres;

(II) Actual colonies versus insured colonies (colonies can be verified by FSA or other federal or state governmental reporting systems/requirements, tax records, transportation invoices, purchase agreements, bills of sale, etc.);

(III) Insurable interest/share in the crop; and

(IV) Insurability of the insured acreage located within the county, and that such acreage was reported on or before the acreage reporting date.

