

# Checklist to Assist with Compliance Reviews

When conducting a Compliance Review, the NAU Country reviewer shall verify the insured's:

- production evidence which supports the **amounts certified on the production report** for prior crop years
- share evidence matches the share percentage certified on the acreage report (or equivalent for Livestock) for the current crop year
- acreage records support the amounts certified on the acreage report for the current and prior crop years.

**Specific to APH Reviews:** NAU is required to verify the reported yield for the most recent crop year (e.g., 2023) is correct and is supported by acceptable production and acreage records.

- If the reported yield exceeds the verified yield by more than the allowed 5% tolerance, then we are required to review the records from the prior two crop years (e.g., 2022 and 2021).
- If the verified yield is within the 5% tolerance or matches the reported yield, we are still required to verify production records exist for the prior two crop years.
- NAU Country will check records for past reviews that cover the crop and county being reviewed. If you are aware that a review or loss with NAU Country or any other approved insurance provider ("AIP") had been completed on the same crop and county, please contact the NAU Country Compliance Department and provide the company name and policy number.

**NOTE:** APH Reviews are not required for the following Insurance Plans. Therefore, the insured does not need to supply their supporting production evidence as part of the compliance review, but acreage and share verification is still required.

- Asset Based
- Area Based
- Margin Protection (Stand-Alone)
- Margin Protection (Stand-Alone)

## Production Evidence – For prior crop years

For all insurance plans **EXCEPT Rainfall Index and Livestock**, the following records are acceptable to support production and must be separated by crop year. 100% of the production must be provided, not just the insured's share.

<b>Sold or Commercially Stored Production Records</b>	<b>Examples:</b>	<ul style="list-style-type: none"> <li>• Gin Records</li> <li>• Ledger Sheets</li> <li>• Buyer Records</li> </ul>	<ul style="list-style-type: none"> <li>• Load Summaries</li> <li>• Processor Records</li> <li>• Packer Records</li> </ul>	<ul style="list-style-type: none"> <li>• Settlement Sheets</li> <li>• Elevator Receipts</li> <li>• Warehouse Receipts</li> </ul>	<ul style="list-style-type: none"> <li>• Storage Facility Records</li> <li>• Marketing Outlet Records</li> <li>• Boiler House Records</li> </ul>	<ul style="list-style-type: none"> <li>• Broker Records</li> <li>• Distiller Records</li> <li>• First Handler Records</li> </ul>
	<b>Required Information:</b>	<ul style="list-style-type: none"> <li>➢ Name of the insured</li> <li>➢ Name of crop</li> </ul>	<ul style="list-style-type: none"> <li>➢ Quantity of production</li> <li>➢ Date of transaction</li> </ul>	<ul style="list-style-type: none"> <li>➢ Crop year commodity produced</li> <li>➢ Practice and type of crop</li> </ul>	<ul style="list-style-type: none"> <li>➢ Unit number, block number, or location of production</li> <li>➢ Planting period from which production was produced</li> </ul>	
<b>Farm-Stored Production</b>	<b>Examples:</b>	<ul style="list-style-type: none"> <li>• Actual measurements completed by FSA or an Approved Insurance Provider</li> </ul>				
	<b>Required Information:</b>	<ul style="list-style-type: none"> <li>➢ If a bin/structure contains prior crop year production, a disinterested third-party measurement is required before adding current year crop.</li> <li>➢ If current year production in bin has not been measured, contact the Compliance Advisor or Field Claim Manager to arrange for measurement.</li> </ul>				
<b>Pick Records**</b>	<b>Examples:</b>	<ul style="list-style-type: none"> <li>• Typically includes apples, blueberries, grapes, macadamia nuts, peaches, pears, peaches, fresh apricots, fresh nectarines, and fresh plums.</li> </ul>				
	<b>Required Information:</b>	<ul style="list-style-type: none"> <li>➢ Name of the person(s) paid by the grower for the harvest of the crop</li> <li>➢ Proof of payment to the picker(s) for the harvesting of the crop</li> </ul>	<ul style="list-style-type: none"> <li>➢ Price paid, per volume picked, for picking the crop</li> <li>➢ Date the crop was picked and the location of the crop</li> </ul>			

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<p><b>Machine Harvest Records**</b></p>	<p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>Typically includes almonds, apples, avocados, blueberries, citrus, cranberries, dry beans, dry peas, figs, forage production, grapes, green peas, macadamia nuts, onions, pears, peaches, peanuts, plums, pistachios, potatoes, processing beans, processing sweet corn, prunes, sugarcane, sugar beets, tobacco, tomatoes, and walnuts.</li> </ul>
	<p><b>Required Information:</b></p> <ul style="list-style-type: none"> <li>Name of the insured</li> <li>Date of harvest</li> <li>Quantity of weighed production</li> <li>Name of crop</li> <li>Practice, type, and crop year</li> <li>Unit number or the location of the production</li> </ul>
<p><b>Daily Sales Records**</b></p>	<p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>Typically apply to fresh fruit such as apples or peaches</li> </ul> <p><b>Required Information:</b></p> <ul style="list-style-type: none"> <li>Records must be contemporaneous (either a daily sales ledger or a transaction summary of sales from an electronic point of sale system).</li> <li>Records and/or receipts must specify the crop, quantity/weight sold, grade (when available to the insured), and amount received.</li> <li>If a transaction summary of sales is used, tax forms or other receipts which verify the income from the sale of the crop are required.</li> </ul>
<p><b>Claim Production</b></p>	<p><b>Example:</b></p> <ul style="list-style-type: none"> <li>Any unit with a prior year claim payment uses that determined production for the actual yield.</li> </ul>
<p><b>Precision Farming Technology Systems (PFTS) / Automated Yld Monitoring System</b></p>	<p><b>Criteria:</b></p> <ul style="list-style-type: none"> <li>The system must be properly calibrated, by crop, in accordance with the owner's manual (manufacturer) specifications. The sensor calibration must result in an error rate of three percent or less based on actual production from the sample acres.</li> </ul> <p><b>Required Information:</b></p> <ul style="list-style-type: none"> <li>Name of the insured</li> <li>Name of crop</li> <li>Average moisture content</li> <li>FSA farm/tract/field ID number (optional)</li> <li>Harvest date</li> <li>Unit number</li> <li>Legal description of acreage</li> <li>Total production (unadjusted for moisture)</li> <li>Acres Harvested</li> <li>Total dry weight/yield adjusted for moisture, as req'd by the CP, actuarial documents, &amp; loss claims standards</li> </ul>
<p><b>Livestock Feeding Records</b> <i>(Must be in writing)</i></p>	<p><b>Criteria:</b></p> <ul style="list-style-type: none"> <li>Contemporaneous livestock feeding records <b>will not</b> be required if all production is determined (by having it measured or appraised by the AIP) or by other allowable farm management records <u>prior</u> to insured feeding production. Insureds request to measure prior year(s) production must be made <i>at least 15 days</i> before the beginning of harvest of the current year production to allow time for the AIP to conduct a field visit.</li> </ul> <p><b>Required Information:</b></p> <ul style="list-style-type: none"> <li>Be contemporaneous for each feeding as it occurs</li> <li>Identify the crop year in which fed production was harvested</li> <li>Provide the amount of production, by crop, fed at each feeding</li> <li>Provide the unit number from which the fed production was harvested</li> </ul>
<p><b>Field Harvest Records**</b></p>	<p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>Cotton module measurements</li> <li>Separate measurements of production, by unit, when placed in farm storage structures</li> <li>Truck, wagon, or hopper loads that are documented by weight tickets, grain carts, or conveyance measurements</li> </ul> <p><b>Required Information:</b></p> <ul style="list-style-type: none"> <li>Name of the insured</li> <li>Load number</li> <li>Unit number or field identification</li> <li>Name of the crop</li> <li>Date weighed</li> <li>Gross weight, per load, of the conveyance with production and the gross weight of the conveyance without production</li> </ul>
<p><b>Unharvested Acreage Appraisals</b></p>	<p><b>Criteria:</b></p> <ul style="list-style-type: none"> <li>Must be performed by a(n) authorized AIP or FSA personnel to be acceptable. If acreage of the crop was destroyed/put to another use and an appraisal of the potential production was not made (not requested for APH database purposes or no claim), the production report will indicate the planted acres and a yield of zero.</li> </ul>

**\*\* Records alone are considered acceptable production records unless the policy requires a pre-harvest appraisal and/or records of sold production.**

# Checklist to Assist with Compliance Reviews

## Acreage Verification – For current and prior crop years and must be included for all crops and units for each year subject to review.

<b>Insured Owns the Land</b>	<b>Examples of Acceptable Documentation:</b> <ul style="list-style-type: none"> <li>FSA 578s: Labeled by unit number or legal description or provide maps for each legal description</li> <li>Precision Farming Technology System (PFTS) *</li> </ul>	<ul style="list-style-type: none"> <li>CIMs data</li> <li>Real Estate Documentation *</li> <li>Deeds *</li> <li>Measurement service (by AIP, FSA, or disinterested third-party) *</li> </ul>
<b>Insured Leases the Land</b>	<b>Examples of Acceptable Documentation:</b> <ul style="list-style-type: none"> <li>FSA 578s: Labeled by unit number or legal description or provide maps for each legal description</li> <li>Lease Agreement</li> <li>State or federal agency measurements (e.g., Bureau of Land Management (BLM), United States Forest Service (USFS), etc.).</li> </ul>	<ul style="list-style-type: none"> <li>CIMs data</li> <li>NAU Lease Certification Form</li> <li>Precision Farming Technology System (PFTS) *</li> <li>Measurement service (by AIP, FSA, or disinterested third-party) *</li> </ul>

*\*Only acceptable if FSA or CIMs 578s are not available, and only if specially reported as to why other documentation is not available.*

## Direct Marketing Certification (formerly Vertically Integrated) allows the insured to use their own production records that are not from a disinterested third party that meet all other requirements of acceptable production requirements.

**Direct marketing** is the sale of the insured crop directly to consumers without the intervention of an intermediary such as a wholesaler, retailer, packer, processor, shipper, buyer, or broker. Production records are controlled exclusively by the policyholder. Examples of direct marketing include selling through an on-farm or roadside stand, a farmer's market, or permitting the general public to enter the acreage for the purpose of harvesting or picking all or a portion of the crop.

<b>Marketing Certification</b>	<b>Criteria:</b> <ul style="list-style-type: none"> <li>Complete and sign the Marketing Certification for the crop by the ARD.</li> <li>Certify that the acceptable production records available will be from an intermediary (e.g., wholesaler, retailer, packer, processor, shipper, buyer, or broker, etc.) controlled by the insured or non-disinterested third party.</li> <li>Only the portion of the crop sold directly to consumers will be considered direct marketed.</li> <li>If marketing plans change after the ARD and production records will not be from a disinterested third party, the insured must notify their AIP no later than 15 days prior to harvest and complete the Marketing Certification within 15 days of the initial notice to the AIP.</li> </ul>							
	<b>Examples:</b> <ul style="list-style-type: none"> <li>Records of Production Commercially Sold or Stored, even when not from a disinterested third party</li> <li>Certified Scale Weight Records (<i>requires specific information</i>)</li> </ul>							
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"><b>Required Scale Information:</b></td> <td style="width: 20%;">✓ Name of the insured</td> <td style="width: 20%;">✓ Quantity/weighed production</td> <td style="width: 20%;">✓ Unit number or location of the production</td> </tr> <tr> <td></td> <td>✓ Name of crop</td> <td>✓ Date of harvest or date weighed</td> <td>✓ Practice, type, and crop year</td> </tr> </table> <p><i>NOTE: NAU may request additional supporting records including but not limited to: pick records, food safety records, copies of receipts, ledgers of income, transportation records, bank statement, final sales records, tax records, and/or pre-harvest appraisal.</i></p>	<b>Required Scale Information:</b>	✓ Name of the insured	✓ Quantity/weighed production	✓ Unit number or location of the production		✓ Name of crop	✓ Date of harvest or date weighed
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## Additional tips to expedite review processing

- **Submit the signed Application/ Change Form** (most recent), if not already completed.
- **Submit the Acreage Report** for the current crop year, if not already completed.
- **For organic crops**, provide a copy of the organic certificate or the organic system plan, or documentation that a written request has been made for written certification or an organic system plan.
- **Verify** that total certified production and acres by year have acceptable records submitted that reflect the totals.
- **If newly certified (crop/county basis)**, provide records for each certified crop year.
- **Sort and group** records by crop year and label properly by year, unit, etc.
- **Do not submit original documents**, provide copies only.