

Part 3 Claims Audit**81 Overview**

A**Background**

The 2000 Act requires that FSA assist approved insurance providers and RMA in conducting claim audits for statistically selected Compliance Crop Insurance Contracts.

FCIC-14010, Manual 14 requires insurance providers to conduct quality control reviews that will:

- provide assurances that procedures, systems, and programs are effective and adequate
- be used to:
 - expose intentional program abuse
 - identify discrepancies, inconsistencies, or errors.

Note: One type of quality control review is the Compliance Crop Insurance Contract Review.

B**Purpose**

This part provides procedure to State and County Offices for:

- assisting insurance providers that are conducting a Compliance Crop Insurance Contract Review, herein after referred to as a claim audit or review
 - processing forms and letters received from RCO requesting producer information
 - assisting RCO's that are conducting evaluations of the insurance providers' claim reviews.
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82 Responsibilities

A
Insurance
Provider
Responsibilities

Annually, RMA, Deputy Administrator for Compliance statistically selects Compliance Crop Insurance Contracts (claims) for insurance providers to review. Insurance providers complete the reviews by verifying that all information on the claim provided by the policyholder, sales agent, and loss adjuster is correct.

Insurance providers:

- may request information from State and County Offices to assist in the verification of the claim
- should only be requesting information needed to complete their reviews.

The insurance provider representative shall submit FSA-426-A to the applicable State Office POC to obtain documents maintained in the County Office. Approved insurance provider representatives requesting producer documents shall provide:

- a completed FSA-426-A, items 1 through 14, according to paragraph 83
 - *--FSA-426-A to the applicable State Office POC. See Exhibit 11.--*
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B
RMA
Responsibilities

RMA, Deputy Administrator for Compliance shall annually provide to PECD, Compliance Branch a file for distribution to State and County Offices, listing the statistically selected claims that will be reviewed by the insurance provider. The file is listed as follows:

- State and county name
- crop
- insured name and ID
- policy number.

Note: This list is provided for information purposes only. County Offices will not be providing information on all claims listed.

Continued on the next page

82 Responsibilities

A AIP Responsibilities

AIP's are required to conduct claims audits, inspections, and quality control reviews. AIP's:

- may request information from County Offices to assist in verifying information submitted by an insured producer
- ***--Note:** AIP's may request information to verify new producer determinations. In these cases, AIP's must ensure that all tools; such as Common Information Management System, Hyper Dynamic Reporting Application, and Policy Holder Tracking System; have been used to verify new producer determinations before requesting information from FSA. AIP's shall only request FSA verification on cases that cannot be resolved using available resources.--*
- should only be requesting information needed to complete their reviews
- shall submit a completed FSA-426-A to the County Office to request producer information
- shall ensure procedures are in place to preserve privacy of information obtained from FSA.

B RCO Responsibilities

RCO may evaluate a sample of completed AIP claims reviews, inspections, and quality control reviews. If discrepancies are discovered, RCO may submit a request to the applicable County Office for documentation that would resolve discrepancies in the AIP's review.

RCO's shall submit:

- FSA-426-A to the applicable County Office to request producer documentation

Note: See subparagraph 83 C for an example of a completed FSA-426-A.

- personal identification to County Offices if requesting documents in person.

RCO's may request documentation that does not reside in the County Office and may request the County Office to make a field visit. Information obtained outside of the County Office can only be requested by RCO. RCO shall make the request using RMA letterhead. Requests shall be sent to the State Office POC. See Exhibit 12 for an example of a RMA field visit request letter.

Note: Field visits may include the verification of information or data through independent resources.

82 Responsibilities (Continued)

C State Office Responsibilities

The State Office POC shall:

- assist AIP's and County Offices if problems cannot be resolved at the County Office level
- immediately notify PECD when there is a change in the State Office POC.

Note: FAX changes to 202-720-4941.

D County Office Responsibilities

County Offices shall:

- continue to give priority service to producers
- identify and prevent conflict of interest situations involving County Office employees when conducting field visits
- verify that the insured has a policy with AIP and provide copies of the following applicable documents as requested on the FSA-426-A:

Note: See subparagraph 75 C for guidelines for releasing information on FSA-426-A.

- CCC-502
- AD-1026A
- FSA-578 (producer print), for current and prior years
- price support loan or LDP documents and, if applicable, NAP loss claims or crop disaster applications

82 Responsibilities (Continued)

D County Office Responsibilities (Continued)

- map photocopy
- “Other” documents may be requested, such as producer lease agreements

Notes: AIP must identify in FSA-426-A, “Remarks” section, the documents being requested.

Request for documents other than those listed should:

- be limited
 - be requested only when about the review.
- process the information request in no less than 7 workdays from the day the County Office receives FSA-426-A
 - provide copies of requested documents to AIP or RCO by mail, FAX, or in person
 - notify AIP immediately if documents requested cannot be processed within the 7 workday timeframe or do not exist
 - if requested by RCO, conduct an inspection or field visit and document results

Note: RCO requests for field visit shall be submitted on RMA letterhead. See Exhibit 12 for an example of a RMA field visit request letter.

- *--if requested, provide documentation to AIP’s to verify new producer determinations.

Note: County Offices are **not** required to provide FSA-578 producer prints to verify new producer determinations. Instead, telephone verification or a written statement from the County Office is acceptable. The following are examples of acceptable statements to provide to AIP’s to verify new producer determination requests.

- “FSA does not have any record of the producer having planted the crop in the county for the most recent XX years.”
- “FSA records show the producer planted the crop in the county in the following years: CY XXXX; CY XXXX.”--*

83 Completing FSA-426-A

A FSA-426-A Required Entries

*--County Offices shall review, upon receipt from the requester, FSA-426-A, items 1 through 14.

Note: FSA-426-A shall not be used for purposes other than claim audits, inspections, and quality control reviews.--*

Item Number	Item Definition	Item Description
1	FSA County Office Name, Address and Telephone No.	Insured's FSA Administrative County Office.
2	Crop Year	Crop year for claim.
3	Date	Date of information request.
4	*--AIP's Name	Name of requesting AIP. Note: If an RMA request, ENTER "RMA".--*
5	Phone Number	Telephone number for the: <ul style="list-style-type: none"> •*--AIP representative--* • RMA compliance investigator.
6	Requester	As applicable, check (✓): <ul style="list-style-type: none"> •*--"Company Request", for AIP representative--* • "RMA Request", for RMA compliance investigator.
7	Insured Name	Producer's name identified for the claim review.
8	ID Number	*--Last 4 digits of tax identification number of insured.--*
9	Crop	Crop selected for claim review.
10	Policy Number	Crop insurance policy number for the insured.
11	Information Requested	Check (✓) appropriate boxes that are applicable to the claim review. See subparagraph B.
12	Request Information to be: <ul style="list-style-type: none"> •*--mailed • FAXed--* • available for pickup 	Check (✓) applicable box and mailing address if the documents requested are to be mailed.
13	Remarks	*--Identify other information being requested. List purpose of request, such as quality control review, GRP review.
14A	Requester's Printed Name and Signature	<ul style="list-style-type: none"> • AIP representative • RMA compliance investigator.
14B	Title	Includes AIP or RCO requesting information.--* Example: ABC Insurance Company, Quality Control Reviewer, or RMA Western Regional Compliance Office.
14C	Date	Date the requester signed FSA-426-A.

83 Completing FSA-426-A (Continued)

B

Forms Identified on FSA-426-A

The following table identifies the forms listed on FSA-426-A and the information that can corroborate information on a claim review. The insurance provider or RCO shall only request the needed forms.

Form Number	Form Description	Information To Be Verified
CCC-502 (Includes CCC-502A-Individual, CCC-502B-Joint Venture or General Partnership, CCC-502C-Corporation, Limited Partnerships of Other Similar Entities as applicable)	Farm Operating Plan for payment limitation review	Share lease or cash lease agreements, entity information, other farming interests
AD-1026A	Identifies Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification.	Producer name, address, and telephone number, multi-county producer, control county and photo/grid, and land location.
FSA-578 (producer print) (prior or current year)	Report of Acreage by producer ID.	Crops planted, crop intended use, acres, and share. Total farmland and cropland.
* * *	* * *	* * *
Price support loan documents, CCC-677, CCC-678, and CCC-Cotton A Price support loan deficiency documents, CCC-666, CCC-709, and CCC-Cotton AA NAP loss claims or crop disaster program applications, if applicable	Production evidence	Total production for a farm submitted for a loan. Total production for a farm submitted for LDP. If applicable, production submitted for a crop disaster payment or NAP payment.
Map photocopy or aerial slides	Identifies the approximate boundaries of the crop on the farm.	Land location and crop conditions.
Other	Example: Lease Agreement	Share

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84 Providing Insured Information in Subsequent Years

A

**Crop Year 2000
Contract Claim
Review Results**

For crop year 2000 claim audits, FSA will provide assistance to insurance providers and RCO's by providing copies of documents that reside in the County Office to corroborate information in the insured's claim. County Offices shall also conduct field visits for RCO. This process will be evaluated before issuing additional procedures for FSA assistance in conducting future claim reviews.

85-100 (Reserved)