

## **MGR-19-005: APH Review Procedures**

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Date

March 14, 2019

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Martin R. Barbre, Administrator /s/ Martin R. Barbre

Subject

APH Review Procedures

### **Background**

Approved Insurance Providers (AIPs) are required to review eligible crop insurance contracts identified by the criteria in Appendix IV of the Standard Reinsurance Agreement or as otherwise specified by the Risk Management Agency (RMA). These include Actual Production History (APH) reviews. The Common Crop Insurance Policy Basic Provisions (BP) provides, in part, that if the insured does not have written verifiable records to support the information on the production report, the insured will receive an assigned yield in their APH. Since the APH establishes the insured's production guarantee and subsequent premium and liability, the actual annual yield certified must be accurate.

The industry expressed concern with the penalties an insured incurs when minor variances are discovered between the actual annual yield the insured certified for APH and the actual records the insured has to support their certification when the yields are reviewed. In December of 2017, RMA issued FCIC-18010-02, Crop Insurance Handbook (CIH), which authorized tolerances when minor differences occur. The CIH defined support, as provided in the BP, as a tolerance between the

insured's certified yield and what was supported by the acceptable production evidence. The industry requested additional clarification and participated in a workgroup with RMA staff to identify further clarifications regarding APH reviews.

## **Action**

The attached provides procedures for AIPs to administer APH reviews. These procedures apply to the same time period as the procedures they are intended to clarify, which is all crops with a November 30, 2017 and later contract change date. RMA authorizes AIPs to use these procedures at their discretion for any previous crop years or ongoing reviews.

There is one new requirement, in paragraph 6 C., which establishes requirements for insureds recertifying production reports to replace an assigned yield. This requirement takes effect for any crop year reviews subsequent to the issuance of this bulletin.

### **DISPOSAL DATE:**

December 31, 2019.

[ATTACHMENT](#)