

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 (RO), and AIPs for the 2015 and Succeeding Crop Years.

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(05-2014)**

**FCIC-14040-01
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**RISK MANAGEMENT AGENCY
WASHINGTON, D.C. 20250**

TITLE: LARGE CLAIM STANDARDS HANDBOOK	NUMBER: RMA-14040 (05-2014) RMA-14040-01 (06-2014)
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SUBJECT: Slipsheets for 2015 Large Claim Standards Handbook released May 30, 2014	OPI: Risk Management Services Division APPROVED: /s/ Heather Manzano Acting Deputy Administrator for Insurance Services

REASON FOR AMENDMENT

(1) Exhibit 2 includes an updated definition of Eligible Crop Insurance Contract (ECIC) for clarification.

Definitions

The following are definitions of terms used in this handbook.

Approved Insurance Provider (AIP) means a legal entity, including the company, which has entered into a SRA with FCIC for the applicable reinsurance year.

Authorized Representative means any person, whether or not an attorney, who is authorized in writing by the policyholder to act for the policyholder.

Cost Savings means the amount of indemnity and premium not paid as a result of the correction of error(s) discovered by RMA on claims for which RMA elected to participate. Cost savings must be calculated when RMA modifies, revises or corrects a claim during review prior to the AIP reaching agreement with the policyholder or prior to the AIP making payment to the policyholder on the claim. Cost savings cannot be counted for the portion of the initial decision not supported in administrative review, NAD appeal, NAD Director's review, or judicial review.

Eligible Crop Insurance Contract (ECIC) means an insurance contract with an eligible producer: (1) covering an agricultural commodity authorized to be insured under the Act and approved for sale by FCIC; (2) with terms and conditions in effect as of the applicable contract change date; (3) that is sold and serviced consistent with the Act, FCIC regulations, FCIC procedures, and this Agreement; and (4) that has a sales closing date within the reinsurance year.

For the purposes of a LC Review, ECIC claims that the AIP must forward to the RO for review include:

- (1) Any single claim on an individual policy that exceeds the large claim threshold for an ECIC due to prevented planting and/or production losses (losses under an area based endorsement are not included when determining the amount of the claim);*
- (2) Any aggregate claims on an individual policy, including claims that were closed and subsequent claims during the same crop year, that exceed the large claim threshold due to prevented planting and/or production losses;*
- (3) For Revenue Protection plans of insurance, any ECIC claim that exceeds the large claim threshold due to a prevented planting and/or a production portion of the loss only (revenue losses and losses under an area based endorsement are not included when determining the amount of the claim);*
- (4) For Actual Revenue History, Nursery, Whole Farm Revenue Protection, Dollar plan, and any other plans of insurance, any ECIC claim that exceeds the large claim threshold. However, area and index based plans of insurance are not included in policies subject to Large Claims Reviews.*