

## Exhibit 22 Quality Control Plan Evaluation Worksheet

The SRA, Appendix IV, section II.A.13 states that the insurance provider must provide the following:

- (13) *Providing an outline of the plan the Company will use in carrying out its quality control program with the Plan of Operations. The quality control plan must include:*
- (a) *The names and titles of the persons who will have oversight responsibilities for the reviews required under this section.*
  - (b) *The types of reviews conducted (random sampling, FCIC designated, discretionary, etc.) and the time period when such eligible crop insurance contracts will be selected for each review.*
  - (c) *A complete description of the process to be followed by the reviewers for conducting each of the reviews required under this section.*

The SRA Appendix IV identifies required reviews under Appendix IV. These are also identified in the “Type 57 record” in the SRA Appendix III. Required reviews are:

1. Program Reviews [refer to SRA Appendix IV, section III.C.(1)]
2. APH Tolerance Reviews [section III.C.(2)]
3. Conflict of Interest Reviews [section III.C.(3)]
4. Simplified Claims Reviews [section III.C.(4)]
5. Consecutive Loss Adjuster Reviews [section III.C.(5)]
6. \$100,000 Claims Reviews [section III.A.(18)]
7. \$500,000 Large Claims Reviews [section V]
8. Reported Suspicion of Misrepresentation, Fraud, Waste or Abuse Reviews [section IV.A]
9. Other Reviews Required by FCIC [section III.A.(14)]

SRA review requirements often use the terms “inspection” and “verification”. These terms are defined in the SRA Appendix IV as:

***Inspection*** means the examination as applicable of the insured crop, the information or data recorded on documents submitted to establish the premium, liability, indemnity or prevented planting or replant payment or any other information that may be necessary to determine whether the crop insurance contract constitutes an “eligible crop insurance contract” or the agent or loss adjuster has complied with procedures. At a minimum, the review process entails the verification of the information or data to determine whether the information was timely submitted and accurate.

***Verification*** means the determination of whether information submitted is true and accurate through independent means in accordance with procedures. With respect to certifications, asking the provider of the information whether the information is true and accurate does not constitute verification. Information from independent third parties or independent documentation must be obtained.

## Exhibit 22 Quality Control Plan Evaluation Worksheet

The QC reviewer must ensure that whenever a review requires inspection or verification, these tasks are in conformance with the SRA Appendix IV definitions. Throughout the criteria, the term “reasonable assurance” is used. “Reasonable assurance” is defined as all the terms and conditions found in the definitions of **inspection** and **verification** stated above.

The QC Plan submitted by the AIP as Exhibit 22 will be evaluated using the previously stated definitions and the following criteria:

## Exhibit 22 Quality Control Plan Evaluation Worksheet

<u>Overall General Requirements</u>	<u>Approval Criteria</u>
1. AIP must identify names and titles of the persons who will have oversight responsibilities for quality control reviews.	Does the identification of the persons with oversight responsibilities, together with other organizational chart information from the AIP, provide reasonable assurance that the quality control process will be objective, unbiased, and accurate?
2. AIP must describe the general process for the selection of quality control reviewers.	Does the description of the general process for the selection of reviewers provide reasonable assurance that the AIP will select objective and unbiased individuals to complete the reviews?
3. AIP must describe the general process for maintaining the integrity of eligible crop insurance contract information during the review process.	Does the description of the process for maintaining eligible crop insurance information provide reasonable assurance that the integrity of the information will be maintained throughout the processes of claims adjusting, reviewing, processing, and reporting?
4. AIP must describe how documents, results, analyses, and all other materials related to quality control reviews will be stored and maintained.	Does the description of documents handling provide reasonable assurance that the storage and maintenance of documents, results, analyses, and other materials related to quality control reviews will preserve privacy and maintain program integrity?
5. AIP must describe how quality control review information will be reported to RMA.	Does the description of the quality control review reporting process provide reasonable assurance that all review information will be reported accurately and timely to RMA?

## Exhibit 22 Quality Control Plan Evaluation Worksheet

<u>Program Reviews</u>	<u>Approval Criteria</u>
1. AIP must describe how the reviewer for this type of review is selected.	Does the description of the selection process for this type of review conform to the overall requirement that objective and unbiased individuals are selected to perform the review?
2. AIP must describe how and when eligible crop insurance contracts for this type of review will be selected for review.	Does the description of a program review state that the AIP will review anomalies whenever identified by FCIC, or its designee, that suggest abnormal or unusual underwriting or loss performance and conduct reviews of eligible crop insurance contracts for which the anomalies appear, not to exceed 3 percent of indemnified eligible crop insurance contracts for the crop year, unless information from the review or other information received by FCIC leads FCIC to require the Company review additional contracts to address particular program integrity concerns?
3. AIP must describe the steps the reviewer must take to perform this type of review.	<p>The description of a program review must state that the review will consist of:</p> <ol style="list-style-type: none"> <li>1. Determining whether or not the eligible crop insurance contracts are in compliance with all applicable program requirements.</li> <li>2. Determining whether the information used to establish coverage and pay claims is complete and accurate.</li> <li>3. Ensuring that there is sufficient documentation to determine the accuracy of the original underwriting or claim information and may include field inspections, file reviews, and obtaining documentation from third parties as necessary.</li> </ol>
4. AIP must describe how the accuracy of information obtained during this type of review will be verified.	Does the description of the steps used by the reviewer provide reasonable assurance that these criteria are met?
5. AIP must describe how any errors found during this type of review will be handled.	Is the description for this type of review in conformance with the definition of verification provided in the SRA, Appendix IV?
	Does the description for this type of review provide reasonable assurance that errors found during the review will be handled correctly?

## Exhibit 22 Quality Control Plan Evaluation Worksheet

<u>APH Tolerance Reviews (III.C.(2))</u>	<u>Approval Criteria</u>
1. AIP must describe how the reviewer for this type of review is selected.	Does the description of the selection process for this type of review conform to the overall requirement that objective and unbiased individuals are selected to perform the review?
2. AIP must describe how and when eligible crop insurance contracts for this type of review will be selected for review.	Does the description of the selection of the crop insurance contracts contain the appropriate timeframe in the insurance cycle for Category B (Annual crops as listed in Appendix III) and Category C (perennial crops) for selection?  Does the description ensure that a minimum of 10 percent (including required CIH Excessive and Maximum Yield reviews) of crop insurance units meeting the criteria (150% of prior years' approved APH yield) will be selected?
3. AIP must describe the steps the reviewer must take to perform this type of review.	The description of the APH Tolerance Review must state that the review will consist of: <ol style="list-style-type: none"> <li>1. Production reports and yields are certified on a crop basis;</li> <li>2. Reviewing all units for each crop year wherein the actual yields were certified for the selected crop.</li> <li>3. Obtaining acceptable records, as defined in procedures, from the policyholder to determine the accuracy of the certified yields and the established units structures;</li> <li>4. Obtaining information from other sources such as grain dealers, processors, and first handlers of the commodity, if supporting records are questionable, to verify the validity of the records and certifications;</li> <li>5. Process to recalculate the yield for each unit based on the acceptable records;</li> <li>6. Revising production reports when the calculated yield varies by more than allowable tolerances;</li> <li>7. Verifying the policyholder's status as a new producer;</li> <li>8. Correcting any incorrect transitional yield.</li> </ol>
4. AIP must describe how the accuracy of information obtained during this type of review will be verified.	Does the description of the steps used by the reviewer provide reasonable assurance that these criteria are met?
5. AIP must describe how any errors found during this type of review will be handled.	Is the description for this type of review in conformance with the definition of verification provided in the SRA, Appendix IV?  Does the description for this type of review provide reasonable assurance that errors found during the review will be handled correctly?

## Exhibit 22 Quality Control Plan Evaluation Worksheet

<u>Conflict of Interest Reviews (III.C.(3))</u>	<u>Approval Criteria</u>
1. AIP must describe how the reviewer for this type of review is selected.	Does the description of the selection process for this type of review conform to the overall requirement that objective and unbiased individuals are selected to perform the review?
2. AIP must describe how and when eligible crop insurance contracts for this type of review will be selected for review.	Does the description contain: 1. The process for annual disclosure by employees, agents and loss adjusters of required information (name of policyholder or person with a SBI in the policyholder and type of relationship) by the acreage reporting date. 2. The process for evaluating the disclosures to determine if a review is necessary and compliance with section IV.F.4.d. of the SRA.
3. AIP must describe the steps the reviewer must take to perform this type of review.	The description of a conflict of interest review must state that the review will consist of an inspection as defined in the Appendix IV.: Does the description of the steps used by the reviewer provide reasonable assurance that these criteria are met?
4. AIP must describe how the accuracy of information obtained during this type of review will be verified.	Is the description for this type of review in conformance with the definition of verification provided in the SRA, Appendix IV?
5. AIP must describe how any errors found during this type of review will be handled.	Does the description for this type of review provide reasonable assurance that errors found during the review will be handled correctly?

## Exhibit 22 Quality Control Plan Evaluation Worksheet

<u>Simplified Claims Reviews (III.C.(4))</u>	<u>Approval Criteria</u>
1. AIP must describe how the reviewer for this type of review is selected.	Does the description of the selection process for this type of review conform to the overall requirement that objective and unbiased individuals are selected to perform the review?
2. AIP must describe how and when eligible crop insurance contracts for this type of review will be selected for review.	Does the description contain the following selection criteria for SCP Reviews: 1. AIP must perform field level reviews of not less than 15% of SCP claims submitted for the current crop year. 2. If an SCP claim was submitted for the current crop year and an indemnity was paid using SCP procedures during either of the previous 2 crop years, a spot check must be completed for the current crop year.
3. AIP must describe the steps the reviewer must take to perform this type of review.	Does the description of the review process for SCP comply with the SCP procedures as outlined in the LAM Paragraph 136?  Note: If FCIC determines that an AIP or managing general agent does not have a satisfactory performance record as defined in the Standard Reinsurance Agreement, use of SCP procedure by such AIP or managing general agent shall be suspended until such time that a satisfactory performance record has been restored. (2007 LAM)
4. AIP must describe how the accuracy of information obtained during this type of review will be verified.	Is the description for this type of review in conformance with the definition of verification provided in the SRA, Appendix IV?
5. AIP must describe how any errors found during this type of review will be handled.	Does the description for this type of review provide reasonable assurance that errors found during the review will be handled correctly?

## Exhibit 22 Quality Control Plan Evaluation Worksheet

<u>Consecutive Loss Adjuster Review (III.C.(5))</u>	<u>Approval Criteria</u>
1. AIP must describe how the reviewer for this type of review is selected.	Does the description of the selection process for this type of review conform to the overall requirement that objective and unbiased individuals are selected to perform the review?
2. AIP must describe how and when eligible crop insurance contracts for this type of review will be selected for review.	Does the description of a consecutive loss adjuster review state that the AIP will review not less than 15 percent of the claims identified by FCIC to determine whether or not he claims are in compliance with all applicable program requirements?
3. AIP must describe the steps the reviewer must take to perform this type of review.	<p>The description of a consecutive loss adjuster review (claims that the same loss adjuster worked which an indemnity was paid for more than two consecutive years for the same policyholder) must state that the review will consist of:</p> <ol style="list-style-type: none"> <li>1. An examination of the information pertaining to the guarantee and loss, including the results of field inspections, to determine whether the claim can be substantiated.</li> <li>2. Documentation of verification of the reported information pertaining to the claim and the sources used for verification.</li> <li>3. The process for correcting or denying the claim if the review reveals errors.</li> </ol>
4. AIP must describe how the accuracy of information obtained during this type of review will be verified.	Does the description of the steps used by the reviewer provide reasonable assurance that these criteria are met?
5. AIP must describe how any errors found during this type of review will be handled.	Is the description for this type of review in conformance with the definition of verification provided in the SRA, Appendix IV?
	Does the description for this type of review provide reasonable assurance that errors found during the review will be handled correctly?



## Exhibit 22 Quality Control Plan Evaluation Worksheet

<u>\$100,000 Claim Review (III.A.(18))</u>	<u>Approval Criteria</u>
1. AIP must describe how the reviewer for this type of review is selected.	Does the description of the selection process for this type of review conform to the overall requirement that objective and unbiased individuals are selected to perform the review?
2. AIP must describe how and when eligible crop insurance contracts for this type of review will be selected for review.	Does the description for selection as a statement that the AIP will use criteria established by RMA for \$100K review?
3. AIP must describe the steps the reviewer must take to perform this type of review.	<p>The description of a \$100K review must state that the review will consist of:</p> <ol style="list-style-type: none"> <li>1. An examination of the information pertaining to the guarantee and loss, including the results of field inspections, to determine whether the claim can be substantiated.</li> <li>2. Documentation of verification of the reported information pertaining to the claim and the sources used for verification.</li> <li>3. The process for correcting or denying the claim if the review reveals errors.</li> </ol> <p>Does the description of the steps used by the reviewer provide reasonable assurance that these criteria are met?</p>
4. AIP must describe how the accuracy of information obtained during this type of review will be verified.	Is the description for this type of review in conformance with the definition of verification provided in the SRA, Appendix IV?
5. AIP must describe how any errors found during this type of review will be handled.	Does the description for this type of review provide reasonable assurance that errors found during the review will be handled correctly?

## Exhibit 22 Quality Control Plan Evaluation Worksheet

<u>\$500,000 Large Claims Review (V)</u>	<u>Approval Criteria</u>
1. AIP must describe how the reviewer for this type of review is selected.	Does the description of the selection process for this type of review conform to the overall requirement that objective and unbiased individuals are selected to perform the review?
2. AIP must describe how and when eligible crop insurance contracts for this type of review will be selected for review.	<p>Does the description for selection contain the following criteria for \$500K reviews:</p> <ol style="list-style-type: none"> <li>1. The screening process for identifying a potential claim that would require notification to RMA.</li> <li>2. The persons responsible for providing required information to RMA per MGR-05-009.</li> </ol> <p>If RMA chooses not to participate in the claims determination, the company must conduct a review. The description of a \$500K review must state that the review will consist of:</p> <ol style="list-style-type: none"> <li>1. An examination of the information pertaining to the guarantee and loss, including the results of field inspections, to determine whether the claim can be substantiated.</li> <li>2. Documentation of verification of the reported information pertaining to the claim and the sources used for verification.</li> <li>3. The process for correcting or denying the claim if the review reveals errors.</li> </ol> <p>If RMA participates in the claims determination, the company is not required to complete a second review.</p>
3. AIP must describe the steps the reviewer must take to perform this type of review.	<p>Does the description include a process for flagging large claims in the Type 57 record per Appendix of III?</p> <p>Does the description of the steps used by the reviewer provide reasonable assurance that these criteria are met?</p>
4. AIP must describe how the accuracy of information obtained during this type of review will be verified.	Is the description for this type of review in conformance with the definition of verification provided in the SRA, Appendix IV?
5. AIP must describe how any errors found during this type of review will be handled.	Does the description for this type of review provide reasonable assurance that errors found during the review will be handled correctly?

## Exhibit 22 Quality Control Plan Evaluation Worksheet

<u>Reported Suspicion of Misrepresentation, fraud, Waste or Abuse Reviews (IV.A)</u>	<u>Approval Criteria</u>
1. AIP must describe how the reviewer for this type of review is selected.	Does the description of the selection process for this type of review conform to the overall requirement that objective and unbiased individuals are selected to perform the review?
2. AIP must describe how and when eligible crop insurance contracts for this type of review will be selected for review.	<p>Does the description for selection contain the following criteria for reporting suspected misrepresentation, fraud, waste, and abuse:</p> <p>All cases where the company or its affiliates reasonably suspects misrepresentation, fraud, waste or abuse based on any evidence, including but not limited to, losses, production or yields that deviate significantly from other producers in the area, unverifiable harvested production, personal knowledge that contradicts any information provided by the policyholder or any other person who provides information with respect to eligible crop insurance contracts.</p>
3. AIP must describe the steps the reviewer must take to perform this type of review.	<p>Does the review process contain the following steps:</p> <ol style="list-style-type: none"> <li>1. Immediately review, document, and report to FCIC such cases.</li> <li>2. Forward all information and documents in the possession of the Company to the appropriate FCIC compliance office for the area.</li> <li>3. Maintain all documents relating to the complaint and any action taken that do not have adequate evidence to support a wrongdoing conclusion.</li> <li>4. Process to conduct a follow-up review on the policyholder in the crop year immediately following the year in which the suspected wrongdoing occurred.</li> </ol> <p>Does the description of the steps used by the reviewer provide reasonable assurance that these criteria are met?</p>
4. AIP must describe how the accuracy of information obtained during this type of review will be verified.	Is the description for this type of review in conformance with the definition of verification provided in the SRA, Appendix IV?
5. AIP must describe how any errors found during this type of review will be handled.	Does the description for this type of review provide reasonable assurance that errors found during the review will be handled correctly?

## Exhibit 22 Quality Control Plan Evaluation Worksheet

<u>Other Reviews Required by FCIC (III.A.(14))</u>	<u>Approval Criteria</u>
1. AIP must describe how the reviewer for this type of review is selected.	Does the description of the selection process for this type of review conform to the overall requirement that objective and unbiased individuals are selected to perform the review?
2. AIP must describe how and when eligible crop insurance contracts for this type of review will be selected for review.	<i>[This will vary by type of review]</i>
3. AIP must describe the steps the reviewer must take to perform this type of review.	<i>[This will vary by type of review]</i>
4. AIP must describe how the accuracy of information obtained during this type of review will be verified.	Is the description for this type of review in conformance with the definition of verification provided in the SRA, Appendix IV?
5. AIP must describe how any errors found during this type of review will be handled.	Does the description for this type of review provide reasonable assurance that errors found during the review will be handled correctly?