



United States  
Department of  
Agriculture

Risk  
Management  
Agency

1400 Independence  
Avenue, SW  
Stop 0801  
Washington, DC  
20250-0801

**INFORMATIONAL MEMORANDUM IS-07-010**

**TO:** Regional Office Directors  
Regional Office Deputy Directors  
GFP/LCR Regional Office Coordinators

**FROM:** William Murphy /s/ *William Murphy* 9/13/2007  
Deputy Administrator for Insurance Services

**SUBJECT:** Large Claims Review (LCR) Procedures and Deadlines

**BACKGROUND:**

The first full year of RMA Regional Office (RO) participation in large claims has been both challenging and rewarding. Your knowledge of the crop insurance program and efforts to ensure the correct application of policy and procedures resulted in millions of indemnity dollars being saved and increased the integrity of the crop insurance program.

As you may know, our turn-around time for documenting our field findings and submitting a draft decision letter to the Risk Management Services Division (RMSD) must be improved to ensure our continued success, therefore, the following processes and deadlines must be adopted immediately.

Where applicable the following documentation should be complete, clear, easy to read and included in the RO official review file. Please contact Heyward Baker with any questions.

**ACTION:**

Effective immediately:

**I. Documentation:**

- A. Take photographs with appropriate landmarks and labeling as you visit the field site and conduct appraisals or otherwise document crop and field conditions. Remember, you must label photos so that anyone unfamiliar with the issue can understand what the photo is intended to communicate. Keep and document all photos.



The Risk Management Agency Administrators  
And Oversees All Programs Authorized Under  
The Federal Crop Insurance Corporation

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- B. Complete and sign Exhibit 10 of the 2007 Loss Adjustment Manual (LAM) Standards Handbook, FCIC 25010, Claim Checklist, Attachment 1, for each claim review. Explain all responses. Fully document any “No” answers using page 2. Include references to the documents reviewed, interviews conducted, telephone conversations, and/or applicable policy and procedure supporting your determination.
- C. Complete field notes within 2 hours of completion of the field inspection, but no later than 24 hours after leaving the field using “Claim Checklist Form Remarks & Field Notes”, Attachment 2. This is necessary to assert the notes were contemporaneous.

Prepare and submit to the RO Director a trip report that includes your observations, findings, and recommendations based on information documented in your Claim Checklist and Field Notes. This information provides the basis for making a decision whether there is an adverse determination, and if appropriate, to begin drafting the body of your adverse decision letter.

- D. Develop a record of phone conversations and interviews for the file as they occur. Include the time of day, date, the name, address and contact information for the person you are talking to, the purpose of the call and a written overview of the conversation. In some cases, you may want to document what the person is saying word for word. Do not hesitate to ask them to repeat something to ensure that you clearly understand what they are saying. Use of the Telephone – Interview Record, Attachment 3, aids in this documentation and for documenting calls for Good Farming Practice determinations.
- E. You may be asked to keep the person’s name and contact information confidential, do so. It is very important to comply with the person’s wishes. If the information provided is pertinent to the issue or supports an adverse finding then, if possible, verify the validity of the information through other sources.
- F. Ensure that copies of all documents are clear, easy to read, and understandable. Include a narrative when appropriate to ensure a person unfamiliar with the issue can understand its purpose and how it pertains to the proper determination of the claim amount.
- G. Obtain copies of all documents in the approved insurance provider’s (AIP) underwriting and claim files. Note: AIP field notes may be located in the agent’s copy of the policyholder file.

- H. Any requests for AIP action, such as measuring insured and determining uninsured acres, obtaining documentation, completion of the mandatory APH review, researching a GFP issue, etc. must be in writing and submitted to the AIP as soon as possible. E-mail is acceptable. Telephone requests in accordance with item 4 above, followed up in writing is recommended. Set a reasonable date for completing the action and document when it is complete. If not completed by the set date, immediately contact by telephone and follow up in writing with the AIP about the matter. Document your actions and the AIP's responses in the official file. This documentation will show that any delays were not under your control.

## II. Clarification of FCIC-issued Policy and/or Procedure:

When the meaning or applicability of FCIC-issued policies and/or procedures is unclear:

- A. For interpretations of policy provisions, prepare the request according to the criteria for requesting a final agency interpretation, 7 C.F.R. part 400, subpart X.
- B. For interpretation of the meaning or applicability of procedure, prepare the request according to the criteria for requesting an interpretation of procedures in MGR-05-018.
- C. Send the written request to RMSD.
- D. RMSD will provide you with a written response within 30 days and post it to the GFP/LCR SharePoint site at <http://rmkc10/sites/gfplcr/default.aspx>.

## III. Adverse Decision Letter:

- A. As soon as you identify there will be an adverse decision on any aspect of the claim, begin drafting the adverse decision letter, template is Attachment 4, which includes the following:
  1. Appropriate opening and closing paragraphs;
  2. Details of the adverse decision based on documentation from the Claims Checklist and Claims Checklist Form Remarks & Field Notes documentation;
  3. Applicable policy and procedural citations;
  4. Approved language for appeal rights in the closing paragraphs; and
  5. Correct and complete address for DAIS and NAD with ATTN line identifying purpose, i.e. ATTN: Large Claim Administrative Review or ATTN: GFP Reconsideration.
- B. Complete the formal draft of the adverse decision letter within 15 days of receiving all information necessary to complete the claim, and forward to the AIP and RMSD for review and comments.

- C. RMSD will review the decision letter and all supporting documentation, determine whether it warrants Office of General Counsel legal sufficiency review, discuss issues, and return the letter to the RO within 30 days, unless an OGC review is required for unique or unresolved issues.
- D. The RO will obtain the AIP's comments and concurrence on the final decision letter and request the AIP calculate, verify and initiate any change in APH, acres, guarantee and indemnity due.
- E. The RO must issue the adverse decision letter as soon as possible after all information is available to complete claim determinations and there is a determination that an adverse condition exists.
- F. The adverse decision letter shall be delivered by certified mail or overnight delivery, will include production worksheets and proof of loss, revised APH if applicable, prepared by AIP and a stamped self-addressed envelope or FedEx return delivery envelope for the producer to return signed documents. Under no circumstances will the AIP be authorized to visit the policyholder to discuss adverse determinations. In all cases when it is determined that a visit with the policyholder to discuss adverse findings is necessary, the RO must accompany the AIP.

**IV. Documentation of AIP Servicing or Loss Adjustment Issues:**

While carrying out RO functions, if the RO suspects the AIP failed to follow FCIC-issued policies and procedures, the RO shall:

- A. Document and cite applicable FCIC-issued policy and procedure, material facts, and suspected failure to perform;
- B. Include available documentation, record of visits and conversations, and a recommendation for referral to Compliance Division, Reinsurance Services Division, or both;
- C. Send documentation package to RMSD; and
- D. Maintain a working file that includes ALL documentation obtained in the field whether used in the adverse decision letter or not.

Attachment 1 - Claim Checklist

Attachment 2 - Remarks & Field Notes

Attachment 3 – Telephone Interview Record

Attachment 4 – Template for Large Claim Adverse Determination Letter

**DISPOSAL DATE:** When incorporated into the Risk Management Services handbook.

**ATTACHMENT 1**

**CLAIM CHECKLIST FORM**

Insured's Name	Claim Number	Policy Number
Crop(s)-Unit(s)		

YES NO

- 1 Insured Present \_\_\_\_\_
- 2 Insurable Entity verified \_\_\_\_\_
- 3 Timely Notice \_\_\_\_\_
- 4 Share Verified \_\_\_\_\_
- 5 Companion Contract Verified (if applicable) \_\_\_\_\_
- 6 Legal Description Verified \_\_\_\_\_
- 7 Practice(s) Insurability Verified \_\_\_\_\_
- 8 Insurable Type/Variety Verified \_\_\_\_\_
- 9 Planting Dates Verified \_\_\_\_\_
- 10 Unit/Unit Division Verified \_\_\_\_\_
- 11 Risk Area Verified \_\_\_\_\_
- 12 Insurable Cause Of Loss \_\_\_\_\_
- 13 Similar Damage \_\_\_\_\_
- 14 Reasonable APH \_\_\_\_\_
- 15 Insurable Acreage \_\_\_\_\_
- 16 Sharing Interests \_\_\_\_\_
- 17 Options/Endorsements \_\_\_\_\_
- 18 Review Previous Reports \_\_\_\_\_
- 19 Previous Appraisals \_\_\_\_\_
- 20 Quality Adjustment Eligibility Verified \_\_\_\_\_
- 21 Acreage Determined/Method \_\_\_\_\_
- 22 Acreage Replanted \_\_\_\_\_
- 23 Replanting Payment \_\_\_\_\_
- 24 Certification Form \_\_\_\_\_
- 25 Sold Production Verified \_\_\_\_\_
- 26 Farm-stored Production Verified \_\_\_\_\_
- 27 Commingled Production \_\_\_\_\_
- 28 Fed Production Verified \_\_\_\_\_
- 29 Other Names/Entities for Production Verified \_\_\_\_\_
- 30 All Production Accounted For \_\_\_\_\_
- 31 Unusual/Controversial Circumstances \_\_\_\_\_
- 32 Reviewed Completed Claim with Insured or Insured's Representative \_\_\_\_\_
- 33 Obtained Signatures \_\_\_\_\_
- 34 Second Crop Acreage \_\_\_\_\_
- 35 Signatures \_\_\_\_\_
- 36 Other \_\_\_\_\_
- 37 Other \_\_\_\_\_
- 38 Remarks & Field Notes on Page(s) \_\_\_\_\_
- 39 Mandatory \$100,000 QC (APH) Review Completed by AIP & Approved by RMA \_\_\_\_\_

**Fully explain all answers. Document the basis of answers on page 2.**

- 1) \_\_\_\_\_
- First inspection -- RO Representative (signature) Date
- 2) \_\_\_\_\_
- Second inspection -- RO Representative (signature) Date
- 3) \_\_\_\_\_
- Third inspection -- RO Representative (signature) Date
- 4) \_\_\_\_\_
- Final inspection -- RO Representative (signature) Date

**ATTACHMENT 2**

**CLAIM CHECKLIST FORM (cont.)  
REMARKS & FIELD NOTES**

Insured's name	Claim number	Policy number
Crop(s)-Unit(s)		

**Date:** \_\_\_\_\_ **Initials:** \_\_\_\_\_

**Date:** \_\_\_\_\_ **Initials:** \_\_\_\_\_

**ATTACHMENT 3**

**TELEPHONE RECORD/INTERVIEW**

<b>Insured's Name</b>	<b>Claim Number</b>	<b>Policy Number</b>
<b>Crop(s)-Unit(s)</b>		

**DATE:**

**TIME:**

**CALL: (Incoming or Outgoing (circle one)) - INTERVIEW**

**PERSON (Calling or Called):**

**Name:**

**Address:**

**Phone No.:**

**Fax No.:**

**E-mail Address:**

**PURPOSE:**

**NARRATIVE:**

\_\_\_\_\_  
**(Signature/Name)**



## ATTACHMENT 4

### TEMPLATE FOR LARGE CLAIM ADVERSE DECISION LETTER

**Date**

**SEND BY CERTIFIED MAIL OR OVERNIGHT DELIVERY**

**Name &  
Address of  
Insured Entity**

**RE: Policyholder Name, Policy Number, Crop Year, Crop, State & County**

**Dear Mr./Ms. Insured Producer:**

**Opening paragraph:**

(Name of Approved Insurance Provider (AIP)) has notified you that the Risk Management Agency (RMA), who administers the programs of the Federal Crop Insurance Corporation (FCIC), elected to participate in the adjustment of your claim for the above referenced policy. This policy is reinsured by FCIC under the provisions of the Federal Crop Insurance Act (the Act) (7 U.S.C. 1501 et seq.). As a Federal regulator of the crop insurance program, FCIC has the authority to take such actions as are necessary to ensure that the program is administered in accordance with the Act, applicable regulations, policy provisions, and procedures. In its exercise of this authority, RMA, has elected to review your claim under the authority of the 2005 Standard Reinsurance Agreement and Manager's Bulletins MGR-05-009 and MGR-05-009.1. RMA's XXX Regional Office (RO) is authorized to make large claim determinations on behalf of FCIC.

This is the final decision on your claim for indemnity based on all information provided by you, and obtained and verified by (Name of AIP) and XXX Regional Office.

**For the body of the letter:**

1. Background: Include all information relating to the claim clearly indicating the information was provided by the policyholder.
2. Adverse decisions: For each issue, title a subsection with the issue, i.e. Unreported Acreage, or Commingled Production. In the subsection cite and quote applicable regulations, policy language, procedure, and the facts verified by the AIP and RMA. **INCLUDE AND SUPPORT ALL ISSUES IN THE DECISION LETTER**
3. Claim Determinations: Summarize all issues and the impact, i.e. revised APH, indemnity amount, no indemnity due.

4. Your Right to Reconsideration, Administrative Review or Appeal: Include the producer's rights using the approved language below and the complete and correct address for the DAIS and NAD.

**Signature:** Large claim adverse decision letters are signed by the RO Director or designee

**Enclosures:** Enclose copies of all insurance documents changed or generated as the result of the large claim review.

**Courtesy Copies:** AIP, Shareholders, showing on letter  
Internal cc: RMSD, Compliance Field Office

**USE WHEN PARTICIPATING OR REVIEWING A LARGE CLAIM WHEN FCIC HAS CORRECTED, REVISED OR MODIFIED THE AMOUNT OF INDEMNITY OR ADVERSE DETERMINATIONS ARE MADE JOINTLY BY FCIC AND THE APPROVED INSURANCE PROVIDER**

**Your Right to Reconsideration, Administrative Review or Appeal**

Section 20(j) of the Basic Provisions states:

If FCIC elects to participate in the adjustment of your claim, or modifies, revises or corrects your claim, prior to payment, you may not bring an arbitration, mediation or litigation action against us. You must request administrative review or appeal in accordance with section 20(e).

In accordance with the preamble of your policy, the term “us” refers to the company providing insurance. Therefore, if you disagree with FCIC’s findings in this letter, you cannot seek redress from your insurance company. Your only recourse is to request an administrative review or appeal in accordance with section 20(e).

Section 20(e) of the Basic Provisions states:

Except as provided in section 20(d), if you disagree with any other determination made by FCIC, you may obtain administrative review in accordance with 7 CFR part 400, subpart J (administrative review) or appeal in accordance with 7 CFR part 11 (appeal). If you elect to bring suit after completion of any appeal, such suit must be filed against FCIC not later than one year after the date of the decision rendered in such appeal. Under no circumstances can you recover any attorney fees or other expenses, or any punitive, compensatory, or other damages from FCIC.

If you do not agree with FCIC’s determination in this letter, you may choose one of the following options:

- 1) Request an administrative review or mediation of the FCIC decision within 30 calendar days from receipt of this letter in accordance with 7 C.F.R. part 400, subpart J, by providing the required information to the RMA Deputy Administrator for Insurance Services at:

William Murphy  
Deputy Administrator for Insurance Services  
USDA/RMA/Insurance Services/STOP 0805  
ATTN: LARGE CLAIM ADMINISTRATIVE REVIEW  
1400 Independence Avenue SW  
Washington, DC 20250-0805

First class mail to Washington, DC is often delayed for security measures. You are encouraged to send your information by a delivery services that records pickup or postmark and records and guarantees delivery.

- 2) Request an appeal within 30 calendar days from receipt of this letter by writing directly to the National Appeals Division (NAD) at the following address:

Regional Assistant Director  
National Appeals Division  
XXXXXXX  
XXXXXXXXXXXXXX

If you have any questions about any of the findings or your rights to reconsideration, administrative review or appeal you may contact XXXXXX of this office at (XXX) XXX-XXXX.

Sincerely,

RO Director