



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-99-015

TO: All Reinsured Companies
All Risk Management Offices
All Other Interested Parties

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 5-3-99
Administrator

SUBJECT: Acreage Determination and Verification for the 1999 Crop Year and Submission of
1998 Acreage Review Results

BACKGROUND:

The Risk Management Agency (RMA) issued MGR-97-039 to identify the acreage determination and verification requirements for the 1998 crop year. That bulletin requested the report containing the results of the 1998 random acreage reviews be submitted at the end of the 1998 crop year. This bulletin establishes the guidelines for the 1999 crop year acreage determination and verification reviews and a final due date for 1998 review reports.

ACTION:

For the 1999 crop year, insurance providers will use the acreage determination, determining insurable share, and entities procedures incorporated into the FCIC-25010 Loss Adjustment Manual (LAM) (also known as General Loss Adjustment Standards). These procedures will not be materially changed for the 1999 crop year.

The 1999 Crop Year Review Requirements.

Reinsured companies must select "5 percent" of claims assigned for loss adjustment inspections.



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The Risk Management Agency Administers and Oversees
All Programs Authorized Under the Federal Crop Insurance Corporation

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(1) The selection may be made based upon either:

- (a) A random 5 percent selection of claim units, or
- (b) Random selection of a sufficient number of policies with claims to result in 5 percent of the claim units.

(2) During the loss adjustment inspection process of these selected units, the acreage must be measured if:

- (a) Part of a unit is released and the part released will lose its field identity,
- (b) Acreage has not been previously measured for the crop year or DOES NOT fit the criteria for measured acres (as defined in the acreage determination section of the LAM),
- (c) Measured acreage is not acceptable or there is reason to question the accuracy of the measurement,
- (d) The insured does not agree with the measured acreage, or
- (e) Acres of varying practices, types, appraisals, etc. (as appropriate to separate on the claim), are not separated.

(3) The loss units selected will be identified in a way that the units selected can be identified for compliance/audit review.

For ALL claim inspections requiring determined acres, the method of acreage determination and any calculations used to arrive at the determined acres must be documented in the narrative of the claim or on a special report attached to the claim (e.g., “determined acres using crop insurance acreage report - would measure within 5 percent”).

When acreage measurements are required, measurements must be made by the insurance provider, Farm Service Agency (FSA), or other firm engaged in the business of land measurements, and these measurements must be made by using any of the measurements methods described in the “Acreage Determination” section of the LAM. Producer information from FSA County offices will continue to be available to insurance providers who complete a Form FSA-426 for their policyholders.

These reviews may be completed in conjunction with reviews required by Manuel 14. The report on these reviews will include the following information:

- (1) The number of loss units reviewed.
- (2) The number of acreage reporting discrepancies identified in four categories:

- (a) Units reviewed with no acreage discrepancies.
- (b) Units reviewed with acreage discrepancies between 0.1 and 5.0 percent.
- (c) Units reviewed with acreage discrepancies between 5.1 and 10.0 percent.
- (d) Units with discrepancies exceeding 10.0 percent.

Discrepancies will include both over and under-reported acres. In addition, policyholders will be required to provide a written explanation for any unit which is over or under-reported by more than 10 percent. The written explanation shall be reviewed and signed by the reinsured company and placed in the policy file.

1998 Crop Year Final Reports Due to RMA.

The final 1998 review reports shall be submitted by COB May 14, 1999, to:

USDA, Risk Management Agency
Director, Risk Management Services Division
1400 Independence Ave., SW STOP 0803
Washington, D.C. 20250-0803

DISPOSAL:

This bulletin expires on March 31, 2000.