



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO: MGR-03-011

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

FROM: Ross J. Davidson, Jr. /s/ Ross J. Davidson, Jr. 9/26/03
Administrator

SUBJECT: Simplified Claims Processing (SCP) Pilot Standards

BACKGROUND:

The Bulletin No.: MGR-01-007 issued February 12, 2001, extended the Simplified Claims Processing Pilot (SCP) criteria outlined in Bulletins Nos.: MGR-98-030 issued October 9, 1998, and MGR-98-030.1, issued April 22, 1999, for the 2001 and 2002 crop year.

In determining whether the SCP program should continue the Risk Management Agency (RMA) considered, among other things, the review process for self-certified small claims which requires 15 percent of SCP claims to be reviewed. The 15 percent review requirement produces an accurate and statistically valid basis for determining the rate of compliance with the SCP program. Additionally, there is a check of claims data (inclusive of production amounts) being compared to data turned into Farm Service Agency and several data-mining initiatives for monitoring program compliance.

During the 2004 calendar year, the Risk Management Agency will review 2003 crop year SCP claims to determine whether SCP should become permanent, revised, or terminated in the future.

ACTION:

The SCP authority and criteria outlined in the above cited Bulletins are in effect for the 2003 and 2004 crop years with the following exceptions:

- (1) In lieu of Paragraph H. in Bulletin No.: MGR-98-030, Bulletin No.: MGR-02-20, Clarification of Quality Loss Adjustment Provisions, issued November 8, 2002, will apply.



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- (2) The last sentence of paragraph A. in Bulletin No.: MGR- 98-030.1 is no longer applicable for peanuts.

Insurance providers are reminded that the Data Acceptance System Handbook requires the 21 Record (Loss Line) transmitted for simplified claims to include the Simplified Claim Flag (“S”).

DISPOSAL DATE:

This bulletin will remain in effect until March 31, 2005.