



United States  
Department of  
Agriculture

**BULLETIN NO.: MGR-19-021**

Farm Production  
and Conservation

**TO:** All Approved Insurance Providers  
All Risk Management Agency Field Offices  
All Other Interested Parties

Risk  
Management  
Agency

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**SUBJECT:** Agriculture Risk Protection Act (ARPA) List Review Standards

**BACKGROUND**

Annually, the Risk Management Agency (RMA) develops a list of crop insurance agents and loss adjusters with anomalous claims experience relative to their peers in the geographic area. This list, known as the Agriculture Risk Protection Act (ARPA) List, is mandated by section 515(f)(1) of the Federal Crop Insurance Act (Act). Section 515(f)(1) directs RMA to establish procedures to review agents and loss adjusters with disparate performance and to take appropriate remedial action for potential fraud, waste, or abuse uncovered during the reviews. Being on the ARPA List does not mean the agents and loss adjusters have committed or facilitated fraudulent or abusive acts. Rather, it means RMA believes a higher level of scrutiny is warranted to assure program integrity is not being compromised, given their loss experience is not consistent with that of peers in the area.

Since 2001, RMA has used data mining to identify agents and loss adjusters whose performance warrants additional scrutiny. Data mining is used to evaluate certain scenarios associated with loss experience anomalies.

**ACTION**

RMA is issuing review guidance (attached) to provide clear expectations of what actions AIPs are to perform regarding the ARPA List data mining reviews. This includes the specific actions AIPs are to take with respect to agents and adjusters identified on ARPA Lists and how those actions, along with the results of those actions, are reported to RMA.

**DISPOSAL DATE:**

July 1, 2025

# ARPA LIST REVIEW STANDARDS

## SUMMARY OF SCENARIOS

The scenarios used to generate the ARPA List are subject to change from year to year. As such, the narrative accompanying the ARPA List shall be attached to this document as an appendix and released each year.

## REVIEW STANDARDS

For the agent scenarios, the primary focus of the review will be the production and acreage reports used to establish the guarantee. Absent collusion with a loss adjuster, an inappropriately high guarantee is the main mechanism by which the actions of the agent could result in excessive losses. For the loss adjuster scenarios, the claim determination will be the focal point of the review to make sure the claim was worked in accordance with procedure and accurately reflects the magnitude of the actual loss. The intent of the ARPA List review and monitoring program is to identify, correct and/or deter the activities and interpretations of agents and loss adjusters that may be contributing to the poor loss experience. In general, data mining can only determine whether a given claim is anomalous; it cannot establish whether the loss is legitimate or identify the specific factors that contributed to the anomalous indication. As previously noted, being on the ARPA List does not mean the agent or adjuster is engaged in wrongdoing. Rather, it is an indication that the loss experience is not consistent with peers and further review and monitoring is warranted.

### I. Review and Monitoring

1. Agent Scenarios – Underwriting Review: For each eligible crop insurance contract (ECIC) associated with an agent on the AIP's ARPA List, conduct an underwriting review of the acreage and production reports, along with the supporting documentation, used to establish the insurance guarantee for the crop insured for the reinsurance year that coincides with the year the ECIC appears on the ARPA List. For example, the 2019 ARPA List is distributed to AIPs in May 2019 and includes a list of policies that had claims for the 2018 reinsurance year. The AIP is to conduct an underwriting review of the 2019 acreage and production reports, not a review of the reports for the 2018 reinsurance year. The requirements for the acreage and production reports are described in the Crop Insurance Handbook (CIH) FCIC 18010, Parts 12 and 13, respectively. The intent of the underwriting review is to ensure the accuracy of the information used to establish the guarantee in accordance with instructions provided in the CIH, and that procedures are applied appropriately.

A. Acreage Report (CIH Part 12):

Review the information submitted on the acreage report (CIH Part 12, section 1211). The acreage report should meet all filing requirements described in section 1202, with appropriate adjustments for failure to file an acceptable acreage report (section 1203) or for an inaccurate acreage report (section 1204). Follow the guidance provided by sections 1212 through 1237 to validate the information submitted on the acreage report. Among the questions that the reviewer should be able to answer affirmatively for a valid, accurate acreage report:

- Are all acres reported accurately as described in the CIH?
- Are land classifications correct?
- Were guarantee reductions based on planting dates assessed as required?
- Is the share for each unit reported correctly?
- Does the unit structure selected meet the unit structure requirements?
- Were the conditions allowing a revised acreage report met?

B. Production Report and APH Database (CIH Part 13 and Part 15, respectively):

Review the information submitted on the production report (CIH Part 13, section 1308), following the review, verification and correction process specified in section 1309. The requirements for an acceptable production report are covered in section 1302 and production reporting requirements are described in section 1303. Assure the information is used appropriately to construct the Actual Production History (APH) databases following the procedures described in CIH Part 15. The intent of the review is to assess the production report and APH databases for yield accuracy, records acceptability, and unit structure used to establish the approved APH yields entered on the acreage report.

Among the questions the reviewer will be able to answer affirmatively for valid, accurate production reports and APH databases are the following:

- Are the production records used to support the production certification acceptable?
- Do the production records submitted support the unit structure?
- Do the production records support the approved APH?
- Do APH databases contain the correct yields (actual, assigned, non-actual, etc.)?
- Were the rules for construction of APH databases applied correctly?
- Does the Approved APH Yield accurately reflect (1) the information from the production report and supporting documentation, and (2) the correct use of applicable procedures?

2. Adjuster Scenarios -- Claim Review: For each ECIC on the ARPA List associated with a loss adjuster, conduct a review of the claim for the year shown on the report. For example, the 2019 ARPA List includes policies that had a 2018 reinsurance year claim. The claim review would be conducted of the reinsurance year 2018 policy. The intent of the claim review is to provide reasonable assurance that the claim was legitimate, worked according to applicable procedures, and the payment was correct.

- A. Below are the types of questions the reviewer will be able to answer affirmatively following the claim review:
- Did the adjuster include all information required by the Loss Adjustment Manual in the file?
  - Was a timely notice of loss provided in accordance with policy provisions?
  - Was the cause of loss for all units correct and confirmed by the adjuster?
  - Was unit structure, practice, type, variety, rotation requirements, etc. all confirmed by the adjuster?
  - Was production to count calculated correctly?
  - If part of the claim, did the adjuster use the correct quality factors (test weight, moisture, damage, etc.)?
  - Were applicable appraisal procedures used correctly per the applicable crop LASH?
  - Did the adjuster make a visual inspection of the loss units?
  - Were all acres in each unit/line accounted for?

B. For each claim, evaluate the loss adjuster's determination and documentation for similar damage or in the adjuster's notes on the Production Worksheet.

C. For each claim, evaluate the adjuster's determination that all production was accounted for, per the Loss Adjustment Manual Standards Handbook (FCIC-25010), Parts 202(8)(d) and 901(5), as shown below:

“202(8)(d) – Inspect insured crops and establish all harvested, UH, and potential production for all units of each crop being inspected in accordance with Part 9. Determine (measure, if applicable) all farm-stored production from the loss units of the crop being inspected in accordance with Part 9.”

“901(5) – The adjuster must obtain and document an estimate of total production per acre for each undamaged or non-loss unit of the indemnified crop from the insured or the insured's authorized representative and record as instructed in the crop LASH.”

D. For each claim, evaluate the process used to verify the cause of loss and determine whether good farming practices were carried out.

- E. For each ECIC, review the production worksheet for loss units and estimated production for all non-loss units to determine if the amounts are reasonable. If the amounts are not reasonable, resolve yield and/or production-to-count discrepancies (inconsistencies, anomalies, etc.) that arise from the review of production from loss and non-loss units.
3. Agent & Adjuster Scenarios – Underwriting and Claim Reviews: The ARPA List may contain ECICs associated with both an agent and a loss adjuster. In these situations, the AIP will conduct both an underwriting review per Part I.1 “Agent Scenarios – Underwriting Review” and a claim review per Part I.2 “Adjuster Scenarios – Claim Review”.
4. All Scenarios -- Quality Control Review: Any claim filed for an ECIC and the associated crop and county identified under any of the agent and/or adjuster scenarios for the crop year in which the ECIC appears on the ARPA List is a mandatory quality control review. Thus, for example, if a producer first files a prevented planting claim and later files a claim for loss of production following harvest for an ECIC on the AIP’s ARPA List, the AIP would be required to conduct two quality control reviews following its normal procedures for such a review.
  - A. For each claim, evaluate the loss adjuster’s determination and documentation for similar damage or in the adjuster’s notes on the Production Worksheet. If the loss adjuster determined that damage was similar, interview the loss adjuster(s) and ask him/her to identify the similar acreage in the area used for loss comparison for the claim units under review.
  - B. For each claim, evaluate the adjuster’s determination that all production was accounted for. If the adjuster determined that all production was accounted for, interview the adjuster and ask him/her to describe how production was verified for loss units and he/she estimated production on non-loss units, per by the Loss Adjustment Manual Standards Handbook, Parts 202(8)(d) and 901(5).
  - C. For each claim, interview the loss adjuster and evaluate the loss adjuster’s process to verify the cause of loss and whether proper planting and care of the crop was carried out as it pertains to fertilizer, herbicides, irrigation, etc.
  - D. For each ECIC, review the production worksheet for loss units and estimated production for all non-loss units. Resolve yield and/or production-to-count discrepancies (inconsistencies, anomalies, etc.) that arise from the review of production from loss and non-loss units, e.g., production on loss unit well below county average while production on non-loss unit is well above county average.

If underwriting or loss adjustment errors or concerns are identified through the monitoring and review activities described in Parts I.1-I.4 above, interviews of the agents, loss adjuster, and/or insured, as applicable, may be warranted to determine the cause of the error and resolve the concern.

## II. Reporting of Results

1. For each ECIC subject to a review under any agent and/or adjuster scenario described above (Parts I.1 to I.4), the AIP shall:
  - A. Conduct an underwriting review, claim review, and/or quality control review as applicable.
  - B. Submit the appropriate P57 and P57A records through the Policy Acceptance and Storage System (PASS) beginning with the 2020 RY. A P57 record must be submitted for each review utilizing the data mining review code.
2. For each agent and adjuster on the AIP's ARPA List, the AIP shall:
  - A. Prepare a written evaluation that summarizes the results of monitoring and review program.
  - B. The written evaluation must include:
    - i. For the agent scenarios, a summary of the results of the acreage and production report reviews (Parts I.1. or I.3 above), along with the results of any quality control reviews conducted pursuant to Part I.4 above.
    - ii. For the adjuster scenarios, a summary of the results of the claim reviews conducted for losses from the prior year (paragraphs I.2 or I.3 above), along with the results of any quality control review conducted pursuant to paragraph I.4 above.
    - iii. Specific errors, omissions, deficiencies, etc. identified with respect to said agents and adjusters during the review and monitoring program.
    - iv. Any corrective actions taken by the AIP with respect to said agents and adjusters.
  - C. The written ARPA List evaluations should be submitted directly to RMA Compliance through the AIP HyDRA application maintained by the Center for Agribusiness Excellence (CAE). Send the documentation to the onsite RMA employee at CAE. To upload the documentation in HyDRA utilize the AIP User Manual located in the Doc Library icon on the AIP HyDRA homepage. Submit summary evaluations after all reviews have been completed. The evaluations should no longer be submitted with the AIP's

annual Plan of Operations submission as discussed in the TPEP/TPER Guidance, Section II(3)(A).

3. Provide appropriate notification to RMA Compliance for follow up on any issues relating to potential fraud, waste or program abused uncovered during the reviews, per section IV of SRA Appendix IV.
4. AIPs should take action to collect improper payments and to resolve any questionable actions by a policyholder, agent or adjuster.

# **APPENDIX A**

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# 2019 Anomalous Agent and Adjuster (ARPA) List

## INTRODUCTION

The Risk Management Agency's (RMA) Agricultural Risk Protection Act (ARPA) List identifies agents and adjusters with anomalous claim outcomes. Identification on this list does not mean that these agents and adjusters have necessarily committed fraudulent acts, but rather that their anomalous loss experience warrants further investigation.

## METHODOLOGY

The 2019 ARPA List is comprised of five scenarios for crop year (CY) 2018. A description of each scenario is included in this report. The scenarios are designed to identify agents and adjusters whose claim outcomes are anomalous over time. The specific crop policies that most contribute to the agent's and/or adjuster's anomalous losses are identified with each scenario. The following crop insurance products and commodities are excluded from the analysis: nursery, clams, oysters, Area Risk Protection, Livestock, Margin Protection, Rainfall Index, Stacked Income Protection, Supplemental Coverage Option, Vegetation Index, and Whole Farm Revenue Protection.

Some types of claims are better evaluated using objective weather observations instead of statistical likelihood models. The statistical models assume everyone in the same geographic area will experience similar losses due to a weather event. However, damage from hail and tornado events follows a distinct spatial pattern that does not lend itself to a statistical evaluation relative to a broader geographic area. As a result, hail, tornado, and cyclone claims are validated using radar reflectance data and the location of the field on which a loss is claimed. Hail was the fourth largest cause of loss by indemnity in CY 2018 after drought, excess moisture, and hurricane. Freezes and frosts are validated using temperature data from the PRISM Climate Group, Northwest Alliance for Computational Science and Engineering (NACSE), based at Oregon State University.

The data used for analysis is current as of April 12, 2019.

# 2019 Anomalous Agent and Adjuster (ARPA) List

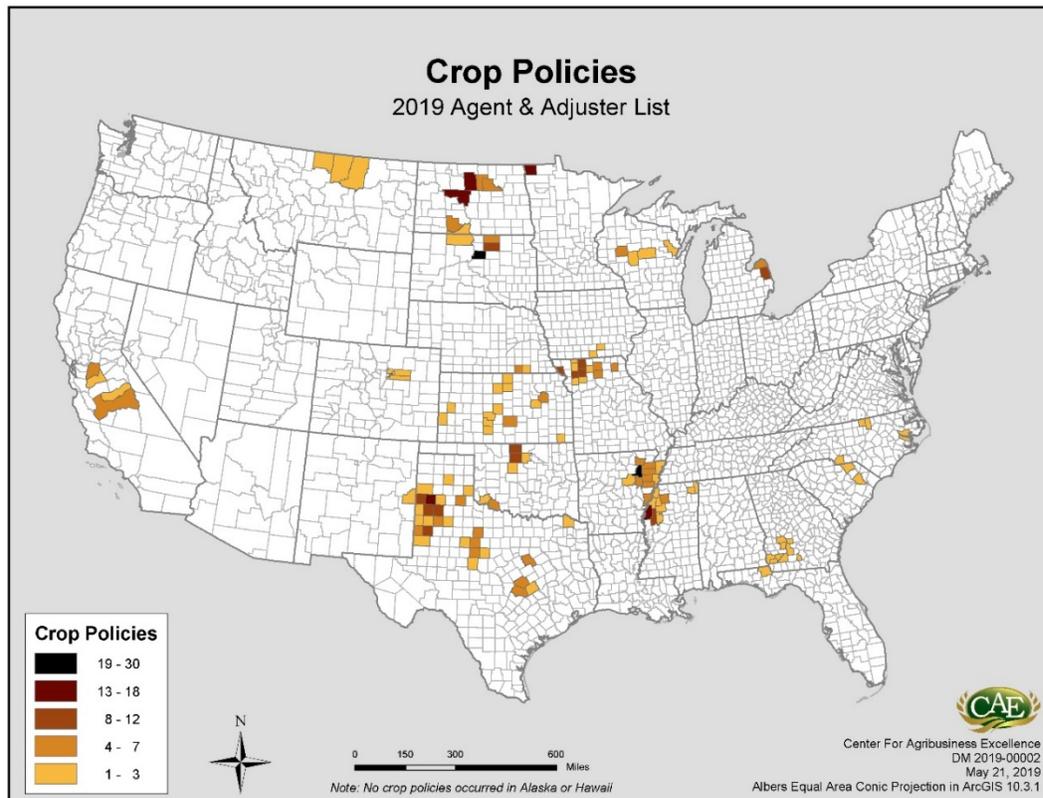
## RESULTS

The five 2019 ARPA List scenarios identified 560 distinct policies, issued by 11 approved insurance providers (AIPs), spanning 127 counties. The list identified 25 agents, with 11 of those appearing on previous ARPA lists. A total of 38 adjusters were identified, nine of whom appeared on previous ARPA lists. Table 1 provides a summary of the 2019 ARPA List by fund. The loss cost is higher for the assigned risk fund, indicating more severe losses. However, the loss ratio is higher for the commercial fund.

**Table 1. Summary of 2019 ARPA List by Fund**

Fund	Crop Policies	Liability	Indemnity	Total Premium	Loss Ratio	Loss Cost
A	152	\$33,110,531	\$18,241,945	\$5,701,998	3.1992	0.5509
C	408	\$86,088,918	\$41,208,194	\$13,048,365	3.1581	0.4787
<b>Total</b>	<b>560</b>	<b>\$119,199,449</b>	<b>\$59,450,139</b>	<b>\$18,750,363</b>	<b>3.1706</b>	<b>0.4987</b>

The maps below show the distribution of anomalous policies and indemnity throughout the contiguous United States.



**Figure 1. 2019 ARPA Anomalous Crop Policy Distribution Map**

# 2019 Anomalous Agent and Adjuster (ARPA) List

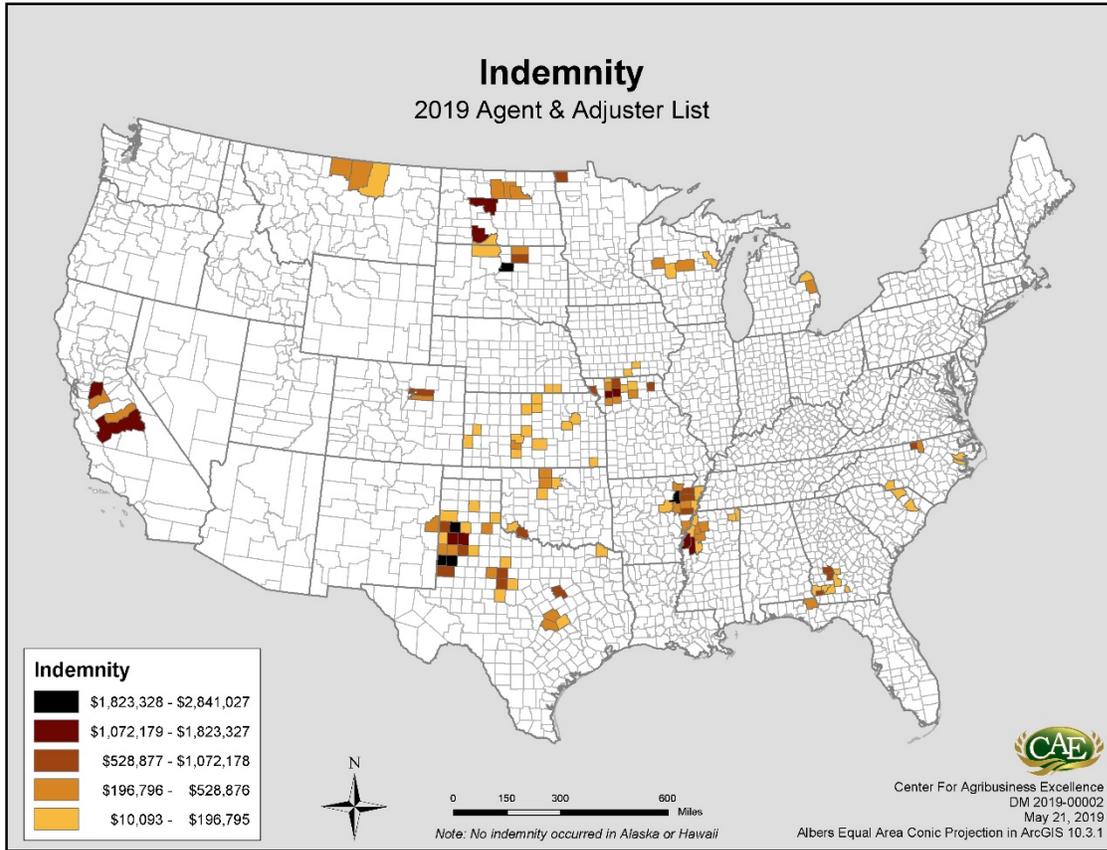


Figure 2. 2019 ARPA Anomalous Indemnity Distribution Map

# **2019 Anomalous Agent and Adjuster (ARPA) List**

## **SUMMARY OF SCENARIOS**

### **AGENT GAINED BUSINESS**

The Agent Gained Business scenario identifies agents who have gained a significant amount of new business in a year that is comprised of either newly insured or transferred producer policies. Transfers due to a previous agent going out of business are not considered new business for the agent. The losses for the new business had to be anomalous relative to others in the same area. The same area refers to the same counties, crops, types, and practices found within the agent's book of business. The agent must also have exhibited this pattern over many years.

### **AGENT MAJORITY LOSS**

The Agent Majority Loss scenario identifies agents who have a significantly higher percentage of the losses in a county for a crop, type, and practice compared to their percent of liability. The scenario identifies producers in the agent's book of business for county, crop, type, and practice situations with a majority loss that have a loss cost significantly higher than that of their peers.

### **AGENT PERSISTENT EXCESS LOSSES**

The Agent Persistent Excess Losses scenario flags agents who have disproportionate losses for their entire book of business, each year, over a three-year period. The scenario only identifies those producers whose repeated disproportionate losses over the years are responsible for the persistent agent excess losses.

### **EXCESS LARGE SEVERE LOSSES**

The Excess Large Severe Losses scenario identifies agents whose larger policies lose more severely than larger policies in the same county for the same crop. Larger policies refer to those with at least \$200,000 of liability. This scenario identifies larger policies with a significantly more severe loss than others in the county for the same crop. The identified agents have the same set of producers who repeat this behavior for multiple years.

### **ADJUSTER SEVERE LOSSES**

The Adjuster Severe Losses scenario looks for adjusters with a loss cost significantly higher than other adjusters in the same area. The loss cost is compared by cause of loss for a crop, type, and practice in the same county. The same area is referring to this comparison level.

## 2019 Anomalous Agent and Adjuster (ARPA) List

### GLOSSARY

<b>ADJUSTER NM</b>	Name of anomalous adjuster who worked the claim on the crop policy
<b>ADJUSTER ON PREV LIST</b>	Indicates if the flagged adjuster has been on a previous ARPA list
<b>ADJUSTER SSN</b>	Adjuster social security number
<b>AGENT NM</b>	Name of anomalous agent servicing the crop policy
<b>AGENT ON PREV LIST</b>	Indicates if the flagged agent has been on a previous ARPA list
<b>AGENT SSN</b>	Agent social security number
<b>AIP</b>	Approved Insurance Provider issuing policy
<b>COL</b>	Primary cause of loss
<b>COUNTY</b>	County name
<b>COUNTY CD</b>	Code use to identify the county
<b>COV CD</b>	Coverage code identifying 'Buy-up' or CAT
<b>CROP</b>	Crop name
<b>CROP CD</b>	Code used to identify the crop
<b>CY</b>	Crop year
<b>INDEM</b>	Indemnity
<b>INS PLAN</b>	Insurance Plan ID number
<b>LIAB</b>	Total liability
<b>PIC</b>	Policy Issuing Company
<b>POLICY</b>	Policy number assigned by the issuing entity
<b>RCO</b>	Regional Compliance Office
<b>RY</b>	Reinsurance year
<b>SCENARIOS</b>	The names of the scenarios identified for the policy
<b>STATE</b>	State abbreviated name
<b>STATE CD</b>	Code used to identify the state
<b>TOTAL PREMIUM</b>	Total premium, including producer premium and subsidy