



United States  
Department of  
Agriculture

Risk  
Management  
Agency

**Risk Management Agency  
Program Compliance and Integrity  
Annual Report to Congress  
January - December 2003**

**RMA**  
**PREVENTING FRAUD. PROTECTING AGRICULTURE.**

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# Risk Management Agency Program Compliance and Integrity Annual Report to Congress January - December 2003

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## Preface

The U.S. Department of Agriculture's (USDA) Risk Management Agency (RMA) administers the services of the Federal crop insurance program, the primary source of risk protection for America's farmers and ranchers. In 2003, 78 percent of the insurable acres of farmland in the Nation's 10 principal crops were protected by Federal crop insurance. RMA provided \$40.6 billion of coverage to American farmers and ranchers. Producer insurance premiums for 2003 totaled \$3.43 billion, compared to indemnity payments of \$3.25 billion received for damages to their crops by natural causes. To ensure that the cost to producers and taxpayers continues to be justified, it is essential that there be adequate safeguards in place to avoid and correct abuses.

The Agricultural Risk Protection Act (ARPA) of 2000 enhanced the incentives for producers to buy higher levels of coverage, thus enabling more effective management of risk. ARPA also provided the Department with new requirements and new tools for monitoring and controlling program abuses. It required RMA and the Farm Service Agency (FSA) to strengthen local-level oversight by working together and sharing information through compatible databases of production and yield data. The Act provided for the use of data mining as a technologically advanced tool for more efficiently targeting compliance reviews and investigations. It also increased sanctions that can be imposed for program fraud and abuse.

This third annual report, as required under the Federal Crop Insurance Act (7 U.S.C. §1515), documents the Department's progress toward implementing these new tools and their effectiveness. It provides information on how the program is monitored for compliance and describes

the steps taken to improve the way compliance detection and enforcement activities are conducted. The report shows how data mining and other tools are being used in identifying areas of potential abuses. It also demonstrates that the Department is becoming steadily more successful at discovering and preventing fraud, waste, and abuse.

As indicated in the report, the continued effectiveness of compliance-related efforts has raised the level of cost avoidance produced, saving the Government \$288 million in fraudulent or other incorrect payments that might not have otherwise been identified until after the fact. A strong contributing factor in the growing success of the program is the collaboration and partnership among Departmental agencies in compliance investigations. This includes the highly effective collaboration between FSA and RMA to develop ARPA-required procedures for referrals of suspected abuse from FSA field offices directly to RMA field offices. Another productive source of compliance investigations comes from the Office of the Inspector General (OIG) Hotline for the reporting of cases of suspected abuse. During 2003, RMA experienced a 20-percent increase in reviews associated with the Hotline Referrals from the previous year. The Department is fully committed to improving upon the risk management tools available to America's agricultural producers by preserving the integrity of the Federal Crop Insurance Program. I therefore expect to report continued progress toward that goal in future reports.

Mike Johanns  
*Secretary of Agriculture*

**USDA's** Risk Management Agency is dedicated to safeguarding the integrity of America's agricultural community by inventing, creating, and implementing the best and most innovative methods to detect, deter, and prevent fraud within the crop insurance program. Each year RMA works toward this important mission by creating targeted methods to boost productivity, make cutting-edge technological innovations, and improve collaborative work with its partners in the anti-fraud alliance, Farm Service Agency (FSA) and Federal Crop Insurance Corporation (FCIC)-approved insurance providers. This annual report will highlight the progress RMA has made in these areas in 2003.

This marks the third year this report has been issued, as is required by Section 515 (i) of the Federal Crop Insurance Act (7 U.S.C. § 1515) (the Act) entitled "Program Compliance and Integrity." The Act, as amended by the Agriculture Risk Protection Act of 2000, mandates that RMA report on compliance with the Act by describing the methods employed to minimize instances of crop insurance fraud, waste, and abuse within the crop insurance program. As such, this report highlights specific cases of fraud, waste, and abuse and the specific actions RMA is taking to address them. Also discussed are key collaborative efforts with FSA and insurance providers as well as with the Office of Inspector General and other agencies within USDA to combat fraud. The report covers January through December 2003.

This year RMA has made a number of significant steps forward in its mission to fight fraud, waste, and abuse and considerable success has been achieved as a result. Among the many accomplishments during 2003 are:

- Developed productivity tools that will allow RMA to streamline work processes and improve the effectiveness of the Compliance Office efforts;
- Used innovative new technological approaches to help RMA staff and partners conduct their work more efficiently, including new case-management and prioritization systems, data mining programs, remote imaging project, and electronic distance-learning training courses;
- Strengthened our collaborations with FSA, insurance providers, OIG, and a number of other partners who help RMA in the fight against fraud; and
- Achieved impressive results and savings in cost avoidance and recoveries.

The results of these accomplishments have been significant, producing about \$93 million in cost savings in 2003, and almost \$59 million in findings and recoveries. The number of policy reviews conducted by RMA also continues to grow, with more than 13,000 policies reviewed this year.

Cost avoidance and findings and recoveries figures also continue to increase dramatically over time. In fact, over the 3-year period since the Act was signed, RMA has achieved more than \$288 million in cost avoidance and more than \$127 million in findings and other recoveries.

These impressive results demonstrate that the new tools and approaches RMA is developing to protect the livelihood of agricultural producers and the integrity of the crop insurance program are having a decidedly positive impact. They are allowing RMA to perform its mission to fight fraud, waste, and abuse ever more effectively, and are bringing substantial savings to the USDA, the U.S. Government, and the American taxpayer.

In the pages that follow, more detailed descriptions of some of the projects RMA has focused on over the past year are provided.

# Productivity

**The work involved in combating insurance program fraud is extremely complex. Each year, the RMA Office of Compliance (the Compliance Office) conducts thousands of crop insurance policy reviews in order to monitor, detect, investigate, and prevent fraud. The work involved in doing so is multi-faceted and requires a great deal of interaction and collaborative effort between a wide number of RMA organizational units and personnel in order to return optimal results. As such, the Compliance Office is continually looking for new ways to upgrade and refine work and review processes to increase productivity even further. RMA leaders believe that as the Compliance Office continues to make these processes more effective, RMA will also continue to boost the effectiveness of the crop insurance program for America's agricultural producers. In 2003 RMA took a significant step forward in building productivity and more effective collaboration by using the Speed in Business initiative. This section will highlight this initiative, as well as demonstrate the positive impact it and other tools and innovations implemented over the past 3 years are having on the Compliance Office's work.**

## Speed in Business Program

Because of the large number of requests for program reviews RMA receives each year, the Compliance Office is faced with a challenge: how to address an ever-increasing workload with a limited amount of staff and resources. In 2003 RMA answered this challenge with the Speed in Business program.

The Speed in Business program was designed to help RMA fulfill the expectations of both Congress and customers, America's agricultural producers, by allowing RMA to work smarter and more efficiently. The program was developed by a private contractor called PRT Global, which worked closely with RMA to match the principles of the program to RMA's needs.

Using Speed in Business, RMA offices can systematically map out and analyze work processes in order to accomplish a number of productivity goals, including:

- Reducing the amount of time it takes to perform tasks, or "cycle time";
- Increasing the frequency with which tasks are completed correctly the first time, or "first pass yields";
- Identifying and eliminating any existing constraints, roadblocks, or non-value-added tasks;
- Evaluating and assigning priority to tasks through a set of established, uniform criteria;
- Managing the number of tasks initiated and pursued at one time;
- Learning from past errors and adjusting processes as a result; and
- Refining a system of measurement for work processes.

RMA determined that the Speed in Business program presented the Compliance Office with an excellent opportunity to meet workload challenges. The Compliance Office could use the program to develop a better way of addressing incoming insurance program complaints, as well as build an efficient and effective system to track and measure activity and performance.

The Speed in Business program began in 2003 with an initial analysis of Compliance processes and used the Speed in Business principles to assess the potential for improvements. By doing so, the Compliance Office was able to discover how long each work process was taking to accomplish, how successful each of those processes were, and what potential existed in each case for improvement.

The Speed in Business program also looked at the internal and external constraints that were impeding the Compliance Office's ability to accomplish work at the highest level of effectiveness, including items such as high workload volume; lack of effective prioritization systems; bottlenecks such as excessive formal review and ineffective resource allocation; inadequate feedback and internal communication; lack or imbalance of staff program skills; and lack of a system for setting and measuring goals.

The Speed in Business program then looked at the alternate methods the Compliance Office staff had been employing to get around these constraints, and assigned costs to these alternate methods of approach. Research showed that the alternate methods were adding extra

cost and inefficiency and that it would be far more cost effective to simply eliminate the constraints themselves than to continue working around them. RMA recognized that by eliminating these constraints through the Speed in Business program it could save the Compliance Office staff time and effort, save money, and better accomplish the Agency's mission to serve America's agricultural producers as effectively as possible.

Based on this information, the Compliance Office developed a set of achievable productivity goals to work toward, including:

- Improving cycle times and first pass yields;
- Addressing the external factors that are creating impediments to task accomplishment;
- Establishing an effective measurement system; and
- Developing a scoring system to assess and prioritize the significance of incoming complaints in order to improve response time and case completion.

The Compliance Office has already begun moving swiftly toward those goals in 2003. It established a performance measurement system that will both show how the Compliance Office function is performing and help the Compliance Office better visualize the performance potential that is aimed for. The Compliance Office plans to update the measurements monthly to ensure that the productivity goals stay on track.

RMA is also working with Tarleton State University's

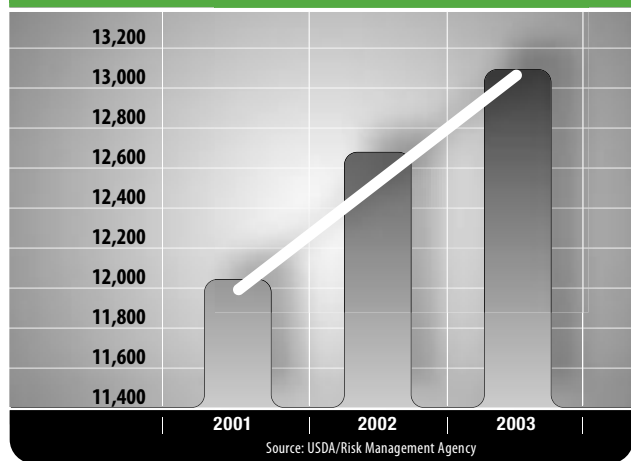
Center for Agricultural Excellence (CAE) to create a scoring system to help assess and prioritize the significance of all complaints that the Compliance Office receives, which will allow improved response time to these complaints, as well as shorten the time it takes to complete case reviews. This scoring system will be discussed in more detail in the "Innovation" section of this report (page 8).

In the upcoming year, the Compliance Office plans to use these tools as it continues to analyze, update, and refine processes in order to increase further the productivity and efficiency of its work.

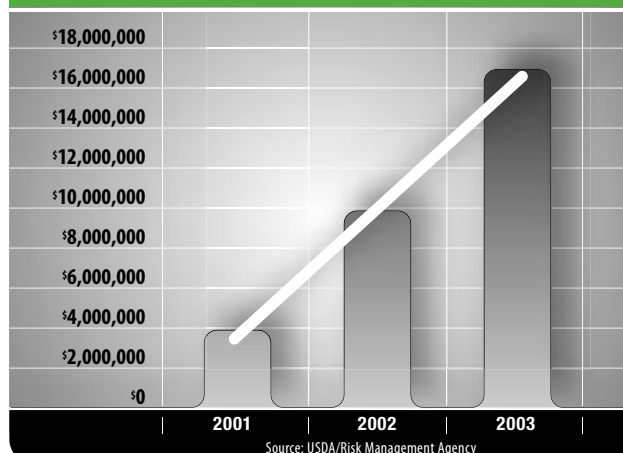
### Compliance Productivity: A 3-Year Analysis

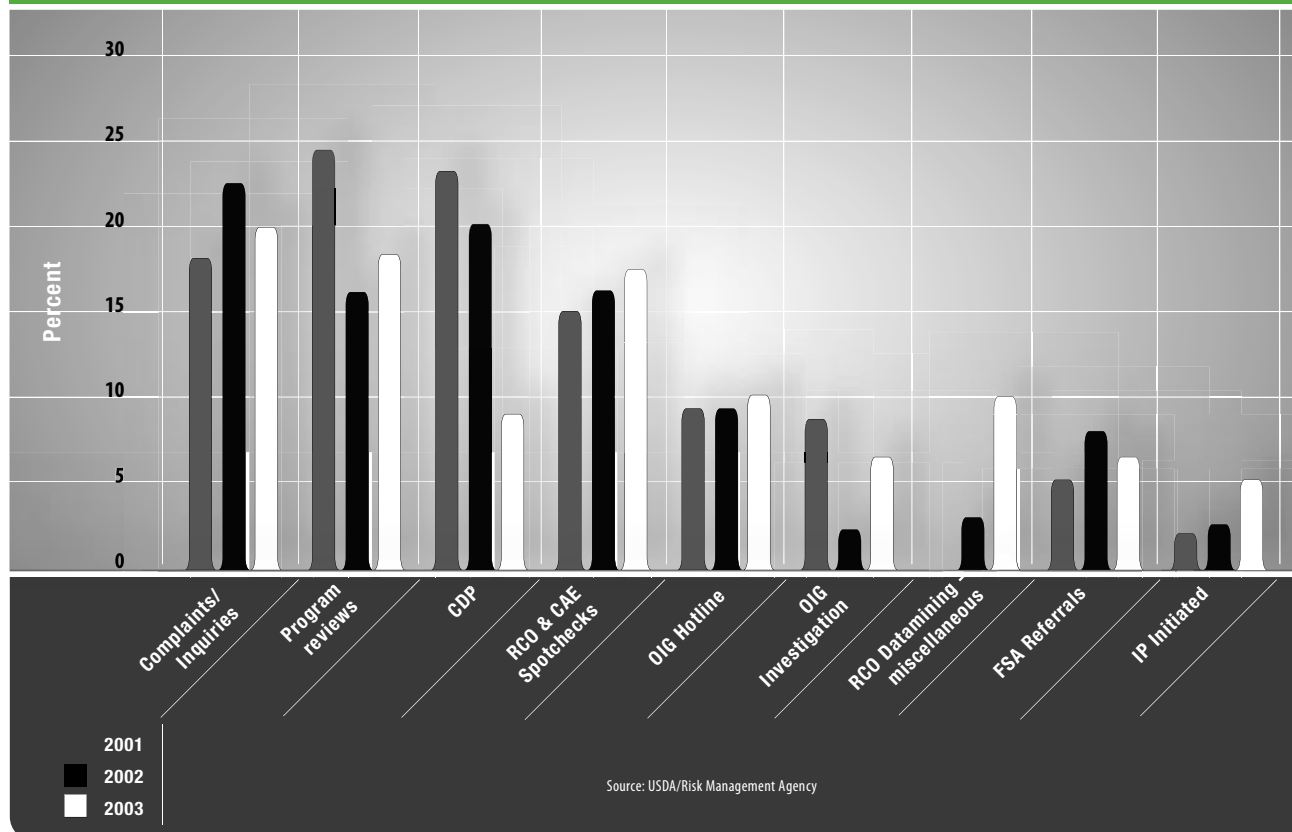
The Speed in Business program described above is one tool the Compliance Office is currently using to build productivity. But this is only one of many productivity boosters RMA has developed since ARPA to meet the challenges presented by the ongoing growth of the crop insurance program (see Appendix, figure 8, p. 39). RMA's goal has always been to create increasingly effective Compliance Office processes; and as such, every training tool, technological advance, and collaborative process created and/or updated over time is done with the goal of increasing productivity and effectiveness. By analyzing the Compliance Office work over the past 3 years since ARPA was passed, RMA has clear evidence that the Compliance Office is meeting

**Figure 1.** Number of Policies Reviewed 2001-2003



**Figure 2.** Amount of Indemnities Uncovered in Final Determinations



**Figure 3.** Sources of Policy Reviews 2001 2003

this goal and becoming continually more productive and effective at what it does. This section will provide charts and analysis that demonstrate the progress made.

The first graph (figure 1) shows the number of policies that the Compliance Office reviewed and processed for each of the last 3 years. As can be seen from the chart, the number of policy reviews has been steadily rising each year. While the crop insurance program has grown significantly over the past 3 years, RMA was able to boost efficiency—processing a higher amount of work with limited resources.

The second graph (figure 2) represents the amount of improper indemnity payments (compensation for a claimed loss) that were uncovered by those Compliance Office reviews investigated and closed that year (final determinations). As the chart shows, the amount of potentially fraudulent indemnities the Compliance Office was able to uncover in reviews has risen each year, going from just under \$4 million in 2001 to over \$17 million in 2003. This shows that RMA is uncovering more policy claims inconsistencies and incorrect indemnity payments than ever before. But even more importantly, it is clear that the amount of improperly paid indemnities being discovered in final determinations is increasing at an even faster rate than the number of

policies being reviewed. This shows that, over time, RMA has been able to sharpen its focus and is zeroing in on the most significant cases of potential fraud more quickly and accurately. For information on the sources of the 2003 final determinations, see figure 10.

Another interesting trend over the past 3 years has been the shift in where policy reviews have initiated. As shown in figure 3, when ARPA was first enacted in 2000 our main source of policy reviews came from comparing claims made by the same producers to both the crop insurance program and the FSA Crop Disaster Program (CDP). However, in 2002, the Compliance Office's focus began to shift to such areas as complaints and inquiries and FSA referrals, while the percentage of errors and irregularities uncovered through CDP went down. In 2003 there was another rise in reviews in more ARPA-related areas, including non-spot-check data mining, spot checks, and insurance provider-initiated referrals. This shows that many of the tools and innovations that have been created, including the training and outreach provided to RMA's collaborative partners (FSA and insurance providers), have had a significant effect on uncovering sources of potential fraud, waste, and abuse.



Table 1 – Cost Avoidance by Source, 2001-2003

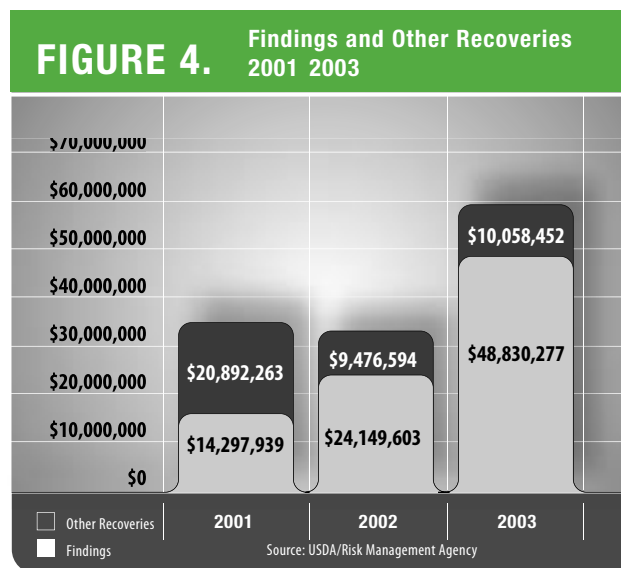
Cost Avoidance	2001 Dollars	2002 Dollars	2003 Dollars
RCO Spot Check		620,338	1,021,263
FSA Referrals	2,375,750	3,547,408	1,532,947
FSA Crop Disaster Program	2,370,975		
OIG Hotline	4,824,304	2,337,314	2,746,780
OIG Investigation	1,408,375	4,513,633	249,024
Insurance Provider Initiated	345,596	362,078	577,334
Program Reviews	5,169,250	388,191	
Other-Complaints/Inquires	5,256,985	2,861,532	4,409,059
RCO Non-spot-check Data Mining		31,829	829
Claims Audit			612,000
Subtotal	21,751,235	14,662,323	11,149,236
CAE Spot Check Data Mining	47,942,555	111,353,382	81,674,280
<b>TOTAL Cost Avoidance</b>	<b>69,693,790</b>	<b>126,015,705</b>	<b>92,823,516</b>

1 CAE Spot Check amended from \$72,236,739: 2001 Annual Reports to Congress 2 Total Cost Avoidance Amended from \$93,987,974: 2001 Annual Reports to Congress. See footnote 1. Source: USDA/Risk Management Agency

Further proof of increasing productivity and effectiveness can be found by looking at the rise in all findings (initial findings and final determinations) as well as other important recoveries. As can be seen in the chart (figure 4), the dollar amount of findings and recoveries—policy payments the Compliance Office identified as being in error and/or monies that have been returned to the crop insurance program due to discovered policy errors, prosecution, appeal processes, or fines—has improved significantly since the enactment of ARPA, going from just over \$35 million in 2001 to almost \$59 million in 2003. This means that in the past 3 years, efforts have resulted in a total of more than \$127 million in findings and recoveries. This rise in the level of findings and recoveries provides more evidence that RMA is becoming steadily more successful at rooting out fraud, waste, and abuse.

Moreover, RMA has had success not only in the discovery and recovery of program errors, but also in its efforts to prevent fraud and other program errors before they happen. This can be seen in the high level of cost avoidance that various Compliance Office efforts continue to produce. In the past 3 years RMA’s work and initiatives to stop fraud, waste, and abuse proactively have paid off, saving the USDA, the U.S. Government, and the American taxpayers over \$288 million in fraudulent or other incorrect payments that may otherwise not have been identified until after the fact (table 1).

The internal efforts, external collaborations, and program innovations the Compliance Office has made over the past 3 years have produced a substantial rise in our productivity and efficiency, which in turn has brought about significant dollar amounts in terms of findings, recoveries, and cost-savings. In the remainder of this report, highlights are provided on some of the many innovations and collaborations that the agency built or refined in 2003 to keep these positive trends moving forward.



# Innovation

**The previous section of the report focused on the Compliance Office's work in discovering, developing, and utilizing innovative new approaches that build productivity and help combat fraud, waste, and abuse with increasing effectiveness. This section features some of the cutting-edge technological tools that are being used to do that. Each of these tools is developed and designed specifically to help RMA—along with FSA and insurance providers, RMA's collaborative partners—to become more efficient and proactive in uncovering and combating patterns of fraud, waste, and abuse, as well as eliminating those patterns in the future.**

## Scoring and Prioritization System

After analyzing Compliance Office work processes with the Speed in Business program (p. 7), a decision was made that one solution for processing the heavy review caseload more efficiently would be to establish a scoring method for cases. Prior to this, the Compliance Office had no early way of sorting out which of the many complaints it received were the most critical or the most likely to indicate fraud. As such, each had to be given equal investigative time and weight, until it could be determined how significant the complaint really was. RMA recognized that by creating a system to measure and score each case based on predetermined criteria, the Compliance Office could then assign a priority level to each case. Doing so would allow the Compliance Office to adjust the balance of investigative efforts to focus staff time more heavily on the cases that displayed the most significant indicators of potential fraud. To create this scoring system, in 2003 RMA worked with CAE, a partnership between Tarleton State University and Planning Systems Incorporated. CAE is a data research and technology development center that also assists RMA with ongoing data warehousing and data mining projects (p. 16). Using the vast store of information on insurance policy histories, past weather conditions, and other data stored in a data warehouse, CAE helped RMA design a system that

can look at the insurance history of any individual producer and compare it against the histories of other producers who have insured the same crop in the same geographical area. It then takes the resulting information and gives the producer a score relative to the percentage of atypical policy behavior that a producer displays in comparison with his or her peers.

More specifically, the system works this way. First, for any producer or policy under review, three independent measures are evaluated:

1. Frequency of loss - The rate at which the producer has filed claims
2. Severity of loss - The percentage of loss claimed
3. Size of loss - The amount of indemnity paid

Each of these three measures is averaged from the producer's insurance history over the previous 5 years. However, the averages are weighted so that more current policy activity has a higher value than older activity. Once each of these three measures is averaged they are put together to form a composite score. Where applicable, this score is also automatically adjusted to compensate for years with overall low or high loss levels.

At the same time the system creates an average score for all producers growing the same crop in the same county or local geographic region as the producer being scored. This allows a comparison of the producer to his/her peers growing the same crop in the same area, and a determination if the producer's insurance history reflects a discrepancy from the norm in that area. The producer is then assigned a score of 1 to 50, based on the level of discrepancy discovered. The higher the score, the higher the indication that this producer's case should be investigated.

In 2003, CAE ran an analysis of over 1.9 million policyholders to discover what percentage of them fell into each score level. The results are displayed in the chart below (table 2).

**Table 2 – Percent of Policyholders in Each Score Range**

Range of Scores	Number of Producers	Percent
0 to 9	1,448,486	73.82
10 to 19	324,883	16.56
20 to 29	138,993	7.08
30 to 39	45,819	2.33
40 to 50	4,130	0.21

Source: USDA/Risk Management Agency

This scoring system can also be used in the same way to evaluate and score the historical behavior of insurance sales agents and loss adjusters.

The CAE score accounts for half of the final prioritization score a producer, sales agent, or loss adjuster is assigned in the scoring system. In addition to the statistical score assigned by CAE, RMA also considers a set of five other factors for each producer that can serve as indicators of potential fraud:

- 
- Time sensitivity
  - Prior history of complaints on the producer, sales agent, or loss adjuster being analyzed
  - Source of the complaint
  - Type of alleged violation
  - Amount of potential risk liability associated with the policy
- 

Each of these factors is assigned a number value and then all are added together to produce a score of 1 to 50. That score is then added to the CAE statistical score, for a maximum score of 100.

A high score does not necessarily indicate fraud. However, higher scores do indicate an unusual level of atypical or irregular behavior, which indicates a higher *probability* for fraud. As such, this scoring system can be used as a preliminary case prioritization tool, allowing the Compliance Office to evaluate the relative potential for fraud present in each complaint received, and decide from that which complaints should be assigned the highest priority for investigation, and which should only receive warnings or other actions, saving time and money.

The Compliance Office plans to use this scoring system in the future to streamline work, keep overhead down, and target fraud, waste, and abuse faster and more effectively.

## Case Management System

The scoring and prioritization system (p. 13) helps the Compliance Office decide which cases should be investigated. But once such decisions have been made and investigations are underway, other challenges arise. Insurance program investigations are complex and wide-ranging, and require collaboration and continual communication between many RMA personnel, often at a distance from each other. This can create difficulties in sharing information in a timely and efficient manner.

In fact, prior to 2003, Compliance Office managers and staff were having difficulty managing, tracking, and determining the status of investigations. This was due to a number of issues, all related to the limitations of the electronic case management system being used at the time.

Compliance Office staff felt that the networking system was difficult to use, which also deterred many from inputting information into it. In a similar vein, Compliance Office staff also felt that the system was particularly difficult to modify when policy or regulatory requirements changed. Additionally, the annual report to Congress RMA is mandated to create requires that the Compliance Office report on specific results and data, and the above-stated issues with this previous system made it very difficult to collect this data quickly and efficiently.

It was clear that RMA needed to update its system to something that was easier to use, could be updated remotely, and could be modified without difficulty when requirements changed. So, in 2003, a contract with Paisley Consulting, Inc. was entered into to create a more efficient case management networking system using a software application developed by Paisley Consulting called MAGNUM™.

MAGNUM is a case management software that automates the investigative process and allows investigators and other Compliance Office staff to house, sort, and retrieve interrelated information on cases.

The Compliance Office worked closely with Paisley Consulting to tailor-fit the MAGNUM application to RMA's specific needs, and the system was designed and put in place in 2003. It answers a number of the previous case management issues. With this new system, RMA investigators and staff will be able to instantly:

- Store, search for, retrieve, and share electronic evidence and other case-related information quickly and easily;
- Document and track sources of complaints;
- Open electronic case files from any location;
- Create electronic complaint, subject, and witness profiles;
- Analyze the results of investigations;
- Produce reports profiling results of investigations;
- Track legal and law enforcement actions resulting from investigations;
- Report dollars lost and recovered by investigations;
- Look up the professional certifications of RMA investigators when a particular skill or experience set is required in an investigation; and/or
- Store all professional contact information gleaned from investigations in an on-line directory

Moreover, RMA investigators and other staff will be able to perform all of these functions anywhere they are, whether in the office or in a remote, off-line location. The system is easy to use and modify and it will result in a better-organized, paperless, centralized electronic case information network that all RMA staff can benefit from.

To ensure the Compliance Office staff would be able to utilize and interact with the MAGNUM system right away, RMA rolled out an aggressive training schedule. In two months (July and August 2003), eight training sessions were held for all those employees who would be using the new case management system. Training sessions were given in each Regional Compliance Office (RCO), and in our national District of Columbia office, and were conducted by one Paisley Consulting representative and one RMA representative. A makeup session was also offered in Kansas City for all those who had missed earlier trainings. Once this training was completed, RMA was able to release the new system to all of the Compliance Offices.

The MAGNUM system has been up and running since September 2003. As of December 2003, the Compliance Office has already received and processed 1,598 source records into the system, and it is expected this number will grow rapidly in the coming year. The Compliance Office already has plans to add even more useful features to the

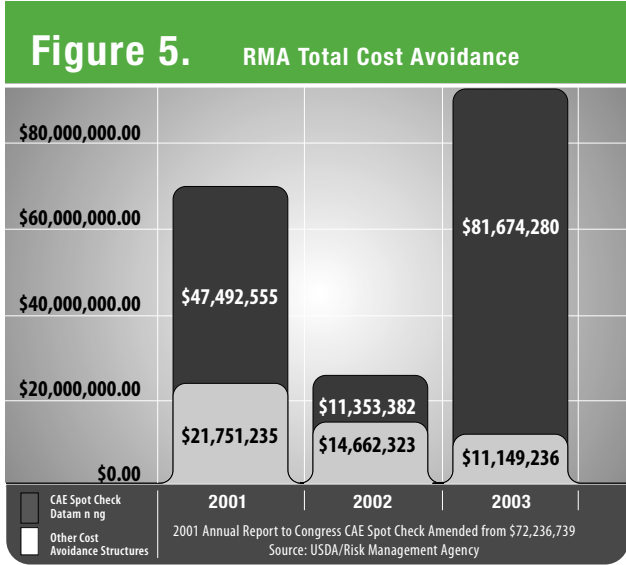
system, including a way to track investigators' time and expenses for each case, and methods for monitoring and evaluating the overall performance of this new system. Feedback will be gathered from employees as they use the system to help the Compliance Office continue to update and improve it, and ensure the continued success and efficiency of its work.

## Data Mining and Warehousing

In the two previous annual reports, the new data warehousing and data mining projects were highlighted. Working in partnership with CAE to incorporate the latest advances in database technology, a single, centralized "data warehouse" of all the crop insurance-related data that has been collected in RMA databases over time was created. Investigators and other RMA staff can then use this centralized data warehouse to search, or "mine," all existing data records in order to compare policies and/or detect individual producers whose policies demonstrate atypical patterns, which in some cases can indicate fraudulent activity. Data mining can also be used to analyze and uncover larger national patterns that may indicate schemes for fraud, waste, and abuse. The results of such data mining techniques allow RMA to quickly focus efforts on the most problematic areas in the crop insurance program so they can be investigated and corrected. Previous to the development of these tools it was extremely difficult, and sometimes even impossible, for RMA to conduct this sort of historical research and data analysis since the various types of data records were stored in different databases that used conflicting data models.

CAE continues to maintain the data warehouse and conduct data mining analysis for RMA. The data warehouse now contains more than a billion records, including:

- All RMA Reinsurance Year policyholder data from 1991 to present;
- 30 years of weather data;
- Annual National Agricultural Statistics Service (NASS) data from 1950 to present; and
- RMA actuarial data.



The data warehouse is updated monthly. Data mining activities are currently taking place from the warehouse, and the findings from such mining activities are saving RMA and American taxpayers millions of dollars by preventing cases of fraud, abuse, and loss before they occur. In fact, in 2003 alone, the CAE spot check list derived from data mining saved the insurance program \$81.6 million in cost avoidance, for a total of more than \$288 million in cost avoidance over the first 3 years of the project. Further, data mining has accounted for a large percentage of RMA's total cost avoidance figures for the past 3 years (figure 5). RMA expects such savings to continue and perhaps increase as the Agency moves forward with the program.

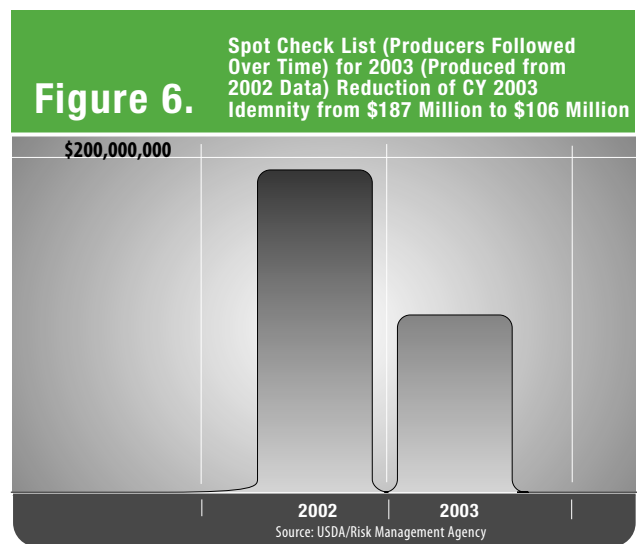
One data mining method that has proven to be a particularly effective and proactive deterrent to fraudulent activity is the RMA spot check list. Each year, RMA develops a list of agricultural producers whose operations warrant an on-site inspection during the growing season. After the RCO's review the list, it is passed on to FSA so its staff can conduct growing-season inspections of the producers on the list.

CAE produced the 2003 spot check list by mining data collected the previous year (2002). The evaluation produced a list of 2,049 producers whose patterns appeared to be atypical compared to others in their region. RMA's RCOs then reviewed the list of names and added an additional 459 producers based on their field observations. This additional

list is referred to as the RCO Spot Check list in this report. The combined list was shared with the local FSA offices and insurance providers related to the producers on the list, and growing-season inspections were conducted. RMA also sent letters to all producers identified in the spot check process, informing them they were on the list and identified for a growing-season inspection.

As a result of this process, statistics show a substantial reduction in indemnities paid to producers on the 2003 spot check list. For instance, in 2002 all the producers who would eventually be named on the 2003 spot check list claimed \$187 million in indemnity payments. But, in 2003, after they had been informed they were on the spot check list, the indemnities claimed by these producers decreased to \$106 million (figure 6).

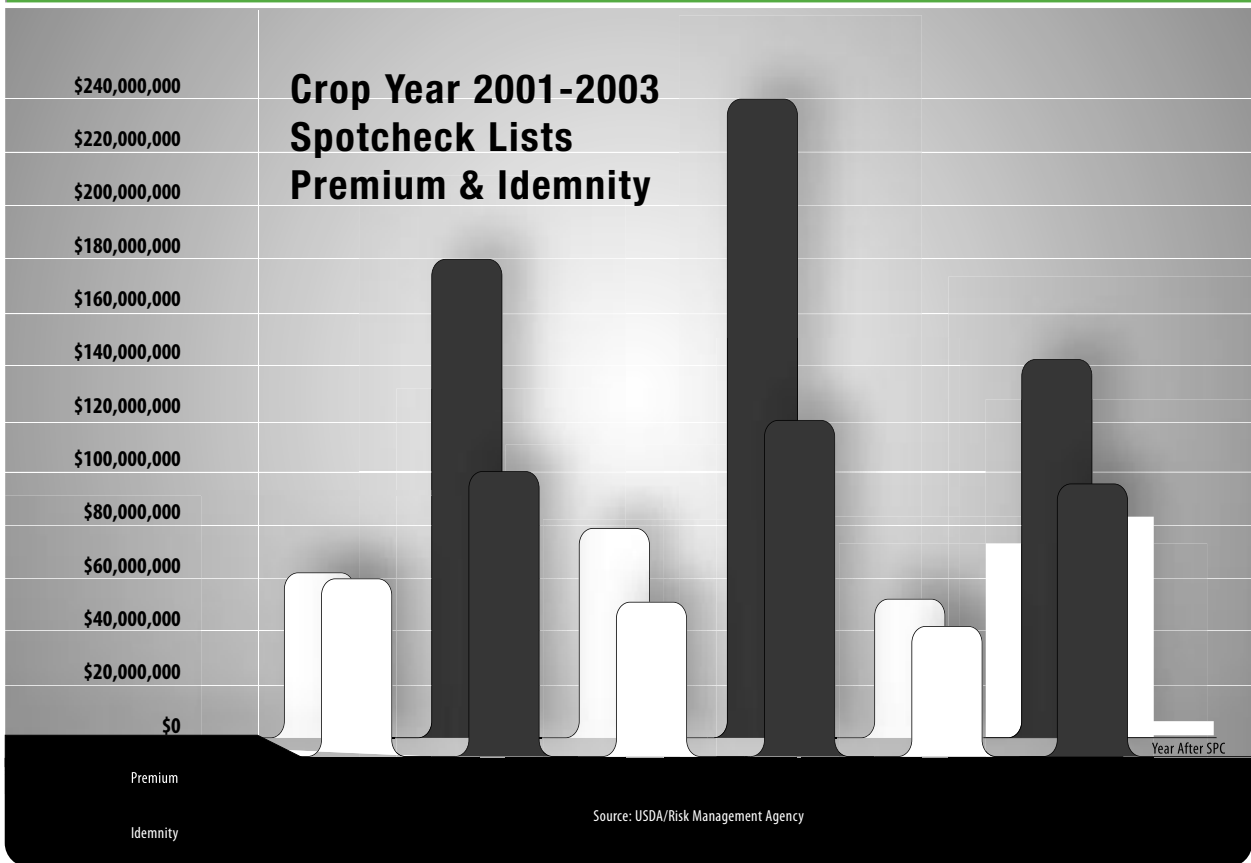
This pattern has been consistent over the past 3 years the spot check list has been in use (figure 7). As a result of the 2001 spot check list, indemnity claims for farmers on the list dropped from \$145 million to \$97 million. In 2002 spot check list producers' total indemnities dropped from \$234 million to just over \$122 million. And, as stated above, indemnities dropped from \$187 million to \$106 million in 2003. From these 3-year results (\$241 million in reduced indemnities), it is evident that producers who knew they were on the list chose to file far fewer claims for much less indemnity than they ever had before.



Further, when these yearly indemnity reductions are compared with the amount of insurance premium the producers are buying each year, it becomes clear that the amount of insurance this group of producers is purchasing has remained fairly constant. However, their claimed indemnities have decreased to levels much closer to their premiums -- indicating the spot check list is helping to create a more sound premium/indemnity balance than had existed in the past. Clearly, the spot check results shown in figures 6 and 7 demonstrate how financially beneficial the data mining and warehousing program is to RMA in the

prevention of erroneous indemnity payments. Further, the program has proven to be cost-effective. The data mining project budget was planned for an initial 5-year period with a total cost of approximately \$18 million. But, as mentioned earlier, in only the first 3 years of the project, the CAE spot check list alone has saved the crop insurance program more than \$241 million in cost avoidance through lower claims and indemnity payments. This means that for every dollar RMA spends on data mining, the Agency saves more than \$18 in program costs. Projected to the end of the contract, the ratio will approach \$20 saved for each \$1 expended.

**Figure 7.** Spot Check List (Producers Followed Over Time) 2001-2003



In addition to the spot check list, CAE has implemented and continues to develop several dozen other data mining products that have produced savings that are not yet estimable, including:

- Development of a “scoring system” so RCOs can prioritize entities for investigation;
- Identification of individual adjusters who work all or almost all of a particular agent’s claims, and comparison of these adjusters’ claims and actions against those of their peers;
- Identification of insurance providers with overpaid claims and an overall account of the overpaid indemnities paid each year;
- Discovery of “lost producers”—those who were previously on the spot check list, but have started insuring under some other Social Security number or tax identification number; and
- Development of a simple, user-friendly interface that allows executive-level users to access and identify necessary information easily.

More program cost savings are anticipated as a result of these innovative data mining tools, and will be reported in the future.

Further, the results during the first 3 years of this project have encouraged RMA to develop more investigative data mining scenarios. The following are some of the projects CAE is currently working on, which RMA plans to deploy in the near future:

- Developing actuarial tools to help evaluate final planting dates, map rates, and map areas;
- Providing Geographical Information Systems (GIS) and weather information as an investigative tool for analyzing indemnity claims;
- Integrating GIS and weather information into data mining scenarios in order to better reflect actual growing conditions encountered by producers; and
- Developing simulation technology to help evaluate pilot programs.

These ongoing developments are only a few examples of the research and development RMA has planned for 2004 and beyond. Working with CAE, the Compliance Office will continue to develop more insight into schemes that help expose patterns of fraud, waste, and abuse. RMA is confident that the cost savings experienced so far through the use of data warehouse and data mining programs will continue as a result of these upcoming developments.

## Remote Sensing and Imaging

In the 2002 annual report to Congress, RMA’s pilot remote sensing program was highlighted. This program allows agency personnel to quickly capture digital aerial images of large areas of farmland, which can then be viewed across a variety of light ray spectra in order to reveal valuable information about crop conditions. This technology provides the ability to detect and document important crop insurance-related items such as:

- Whether a producer failed to plant a crop in a timely manner, or at all;
- The type of crop planted;
- The overall health of the crop;
- Atypical weather and disaster-related crop damage such as hail, drought, flood, freeze, etc.;
- Disease and insect damage to a crop;
- Nutrient or water deficiencies;
- Chemical pollution and/or overspray of crops; and
- Any percentage of reported acreage not planted.

Remote sensing images can also be used not just to reveal information about individual farming entities, but also to monitor an entire agricultural area to compare the growing conditions of one agricultural entity against another in the same area.

This advanced technological approach can produce increased efficiency and savings for the crop insurance program in a variety of ways. For instance, once remote digital images are captured, they can be instantly uploaded

to a computer and geo-referenced, indexed, superimposed with a grid system for identification, and analyzed for the kinds of factors stated above in only a few minutes—information that beforehand would have taken far more time, labor, and expense to gather on the ground, if it was possible to gather at all. Further, the digital images and information gathered can be copied onto CD-ROM or transmitted anywhere over the Internet for the use of investigators and staff, making access to information and communication between staff easier, and Compliance Office investigations more efficient. Finally, and perhaps most importantly, these images can capture a vast amount of acreage in only a few hours, something that would take investigators on the ground much more time to cover. As such, RMA is able to save time, money, and labor costs and is able to focus more quickly on potential trouble spots identified by the remote images.

In last year's report, a discussion was provided on how this technology was used effectively by RMA's Western Regional Compliance Office (WRCO) to monitor the California raisin crop in the fall of 2002. The success of this first remote sensing effort has prompted many more RCOs to begin using remote satellite imagery to conduct investigations. However, until 2003 there was no technology in-house to analyze remote images—RMA was dependent on contractors to conduct all such analysis. It was decided that since remote sensing was beginning to be used much more widely within RMA offices it would be faster and more cost-effective for the agency to purchase software that would allow investigators and other RMA staff to do this analysis on their own.

To answer this need, in 2003 RMA purchased Kodak's Environment for Visualizing Images (ENVI) software. ENVI software provides RMA with easy-to-use and advanced remote sensing image analysis capabilities. ENVI allows RMA staff to read a wide variety of satellite and other remote images, and to conduct hyperspectral analysis of these images to detect crop conditions not visible to the human eye.

Along with ENVI, RMA has established a USDA Satellite Imagery Library by teaming with the USDA Foreign Agricultural Service (FAS) Satellite Library. FAS will maintain this library for RMA. This library gives RMA access to over 10,000 agricultural satellite images dating

back to 1985. RMA can run these images through the ENVI software to gain targeted information on the growing history of a particular crop or agricultural region, presently or over time.

These tools will give RMA a multitude of benefits in the coming years. First, they will allow the Compliance Office to better determine if certain cases are worth pursuing. If the images confirm that there is a discrepancy between what has been reported in a claim and what is evident from the remote image analysis, the Compliance Office knows that the case needs to be pursued. Conversely, if no inconsistencies are discovered, spending time and resources on an unnecessary investigation can be avoided.

Second, based on successes with remote sensing technologies in the past, it is believed that the technologies will work as a significant deterrent to those agricultural producers who might otherwise have filed fraudulent claims. The raisin crop example from 2002 suggested that when producers are aware this kind of imaging technology is being used there is a marked drop in false claims. Therefore, use of these technologies will be publicized throughout our various agricultural regions.

Finally, even if certain producers decide to ignore the proactive deterrent approach above and still choose to file a fraudulent claim, the technology will provide the ability to avoid many lengthy court cases and investigations RMA might otherwise have had to conduct. This is because, often, when producers have filed a false claim and are shown that the Compliance Office has imagery that contradicts their claim, they are generally willing to settle quickly without a court hearing.

RMA expects to fully implement the use of these new remote sensing analytical tools in 2004. In the spring of 2004 all RCOs will be visited to load the software onto the offices' computers and to train staff on how to use these tools to conduct crop analysis. Plans are also being made to continue building more value into the system by integrating the ENVI software with both FSA actuarial maps and GIS software to provide even more detailed information and analysis on various agricultural regions.



## High-Tech Training

In 2001, in compliance with the training requirements of ARPA, RMA began developing a training program to instruct our alliance partners and RMA staff about the Compliance Office practices and how to detect and prevent fraud. The trainings were intended to give everyone involved in the Compliance Office investigative process a clear understanding of what our overall goals were, how each team member's work fits into those goals, and how to conduct that work in the most effective way possible.

In 2001 the training process began with a classroom-based training module on loss adjustment and a module on compliance and oversight. In 2002, two cutting-edge distance-learning courses were developed.

The first of these two trainings, our Anti-Fraud Training, entitled *The First Line of Defense*, was given to all relevant RMA staff and alliance partners during 2002. The other course, the Crop Monitoring Training, was issued in 2003. The Crop Monitoring Training, developed in conjunction with mGen Incorporated and Norwich University, is an interactive course that can be taken at any location through a web-based medium or on CD-ROM. The program is intended to help the more than 3,000 FSA county and State office employees and district directors across the country better familiarize themselves with the information and reporting procedures included in the Loss Adjustment Manual (the manual which contains the specific procedural requirements for adjusting a loss and correctly filing a claim for payment).

Using animation, photos, and interactive quizzes to keep trainees engaged, the course walks them through key sections of the Loss Adjustment Manual that relate to crop monitoring. The following topics are covered:

- FSA's Role in ARPA
- Crop Insurance Policies and Procedures
- Overview of Plans of Insurance
- Entities & Shares
- Unreported Acreage
- Special Farming Practices
- Documenting Findings & Unusual Situations
- Crop Insurance Definitions & Acronyms

- Unit Determination
- Verifying Causes of Loss
- Acreage Determination
- Establishing Production
- Adjustment to Production
- Farm Stored Production
- Crop Monitoring (Performing Growing Season & Pre-Harvest Inspections)
- Prevented Planting & Late Planting

Each section is stand-alone so, depending on scheduling and availability, trainees are able to take a few sections of the course and then come back at a later time to take the next few. After users have taken all sections of the training they are given a final examination via computer to verify that they have understood all the material, and the score results are sent to RMA.

The Crop Monitoring training course was put on RMA's online management learning system in June 2003. To date, 81 percent of FSA personnel designated to take the course have done so. Of those who have taken the test, the average exam score was 91.5 percent. RMA plans to complete training for the remaining 19 percent of personnel who have not yet taken the course in 2004.

It is important to note that these interactive trainings are groundbreaking for RMA. It is the first time RMA has used an electronic medium to deliver quality control/loss adjustment-related training, and already the benefits of this type of training have become clear. First, the interactive nature of the training helps to make the complex information in the Loss Adjustment Manual clear and easy to understand. Further, unlike trainings in traditional classrooms, the training is always accessible and able to be reviewed. Finally, training by this method provides significant cost-savings over the costs of flying in personnel from across the country to traditional classroom trainings in centralized locations. It is estimated that the initial training delivered through this medium has saved in excess of \$400,000 so far. Because these training efforts have produced such positive results, RMA plans to continue developing effective distance learning courses in the future.

# Collaboration

**This section of the report will demonstrate how collaborative efforts between RMA, FSA, the insurance providers, OIG, and other anti-fraud alliance partners have resulted in bringing some high-profile cases of fraud and potential fraud to justice. It will also discuss RMA's many other ongoing collaborative partnerships and show some specific examples of how these collaborations work.**

## High-Profile Collaborative Investigations

### *The Warren Case*

On October 8, 2003, a Federal indictment was returned against Robert Warren, Viki Warren, and R&V Warren Farms, Inc. (Warren Farms), as well as against a licensed insurance agent, a crop insurance claims adjuster, and two employees of Warren Farms. The indictment charged that those named had been involved in an elaborate scheme to defraud RMA and private insurance companies of more than \$12 million from 1997 onward. The indictment contended that the Warrens, who primarily grew tomatoes on farms in North Carolina, South Carolina, and Tennessee, conspired to defraud the USDA and these private companies through a variety of methods, including:

- Filing fraudulent applications for crop insurance and then filing false loss claims under these policies;
- Submitting falsified production records, planting dates, and harvesting dates;
- Creating thousands of false, altered, and forged documents to support these fraudulent insurance claims;
- Staging false weather disasters to substantiate false crop damage claims;
- Using false records to file a fraudulent civil suit against a neighboring farm; and
- Attempting to create false farming entities that would appear to be run independently of Warren Farms, as well as creating false reports and forged documents in support of these attempts.

The other individuals named in the indictment were also charged with assisting in these efforts.

This important case of potential fraud was brought to light through the collaborative work of RMA and fellow agencies. Initially, the Compliance Office received a call from the North Carolina State Bureau of Investigations in 2001 concerning information that suggested that Warren Farms was improperly receiving crop insurance payments. The Compliance Office immediately referred the case to the OIG and an investigation was begun.

OIG requested the assistance of the Compliance Office's Special Investigations Branch (SIB) throughout the investigation. They first asked that RMA look at the Warrens' past crop insurance files to determine if it appeared that fraud had taken place. To aid in this process, RMA notified the crop insurance provider the Warrens were using at the time, and asked them to monitor closely Warren Farms' upcoming 2001 crop by conducting growing season inspections and an Actual Production History (APH) review, in which a production estimate is made for the upcoming crop.

When the SIB reviewed Warren Farms' records they uncovered some major inconsistencies. They found that the Warrens were involved in a civil suit against a neighboring farm, where they had claimed that herbicide spraying from the neighboring farm had caused major damage to their tomato crop. In order to demonstrate that this herbicide damage had created a significant profit loss for them that year, the Warrens had submitted records that showed their production yields in previous years had been very large. However, when RMA looked at the Warrens' insurance policy records for the same years, they found a significant difference in the production yield reported. For instance, the Warrens' civil suit production records claimed that in 1999 one of their farms had a yield of 2,215 cartons of tomatoes per acre. Whereas, the Warrens' 1999 insurance production yield records for that same farm claimed only 62.92 cartons per acre.

Additionally, when the insurance provider returned the 2001 APH review production estimate RMA had requested, RMA compared this estimate against the production the

Warrens had actually reported in 2001. Again, there was a substantial difference between the two items, with the Warrens reporting a lower production amount than had been estimated they should produce.

With the potential for fraud firmly established the investigation deepened, with RMA assisting OIG throughout by reviewing records and participating in interviews. FSA also assisted OIG and RMA in their efforts by providing farm histories and aerial photographs to establish crop history and acreage for several farms. RMA and OIG also worked together to have satellite imagery analyzed in order to reveal information such as when and if crops were planted, the amount of acreage planted, and crop conditions. RMA and OIG also received additional investigative assistance from the Internal Revenue Service Criminal Investigations branch, the North Carolina State Bureau of Investigations, and the Henderson County Sheriff's Office.

Ultimately, the case uncovered a number of alleged abuses of the crop insurance program, and the case was referred to the U.S. Attorney's office. The U.S. Attorney's office presented the case to a federal grand jury. On October 8, 2003, a Federal indictment was returned by the grand jury. Among other items, the indictment alleged that thousands of the documents the Warrens and their conspirators had created to establish both their pre-coverage production history and their current crop yields were false or had been entirely forged. The indictment also alleged that since 1997 the Warrens had been deliberately adjusting yield records and reporting false yields for many of their farms in order to maximize crop insurance indemnity payments. Further, the indictment alleged that the Warrens and their employees had attempted to create false photographic evidence of a hail storm and resulting crop damage by throwing ice and moth balls onto fields and photographing them, as well as beating the plants with sticks to make them appear damaged. The indictment further alleged that the Warrens had also attempted to create and falsely document fraudulent farm "fronts" that would appear to be run independently of Warren Farms, which, had these "front producers" been established, would have allowed the Warrens to receive insurance at a lower rate for those farms, and possibly come under less scrutiny when loss claims were filed.

As a result of the indictment, in December 2003 RMA

suspended the Warrens and George Kiser (an insurance agent allegedly involved in the fraud) from participation in the crop insurance program. A separate, related indictment was made against a crop insurance loss adjuster, crop insurance agent, and employee of Warren Farms who were also involved in the alleged fraudulent activity. As a result RMA has also suspended that adjuster and insurance agent from participating in the crop insurance program. The Warren Farms employee entered into a plea agreement that excluded him from participation in the program for 5 years.

Due to the excellent collaborative work between RMA and its partners, this case is now due to go to trial in 2004. The conspiracy count in the indictment carries a maximum penalty of 5 years' imprisonment; the false statement counts each carry a maximum penalty of 30 years; the money laundering counts each carry a maximum penalty of 20 years; the perjury and obstruction of justice counts carry a penalty of up to 5 years each; and the continuing financial crimes enterprise count carries a mandatory minimum sentence of 10 years' imprisonment, with a maximum of life imprisonment.

### *The Peterson Case*

On December 1, 2003, the United States Attorney's Office filed a civil complaint alleging a group of producers in northwestern Minnesota had defrauded the U.S. government of more than \$4 million worth of agricultural subsidies and over \$675,000 in fraudulent crop insurance payments. The complaint contended that, from 1996 to 2002, seven individuals conspired together to receive false crop insurance payments and circumvent the limit on subsidies that individual producers can receive each year. According to the complaint, they did so by filing false information with USDA claiming they were running three separate farming operations—Peterson Farms (one of the largest recipients of farm aid in the Nation), Division III Farms, and Keywest Farms—when they were actually all operating out of the same base. The complaint also contended that some of the individuals who were receiving subsidies were not actively involved in farming.

This high-dollar potential fraud case came to light as a result of effective collaborations, which RMA was a part of. The case was initially flagged by FSA, which had received

complaints about irregular behavior in the operations alleging issues such as lack of planting, late and/or improper planting, and other poor farming practices. FSA looked into these complaints and felt there might be a need for further investigation.

FSA then referred the case to OIG and RMA, indicating there was potential for possible payment limitations fraud and crop insurance fraud. Both OIG and RMA's Special Investigation Branch and Northern Regional Compliance Office (NRCO) investigated the situation further, with OIG checking all three operations to see if they were indeed separately owned or not, and RMA checking into the operations' crop insurance records. As these investigations continued, both agencies continued to discuss and compare findings. Eventually, it was discovered that misrepresentations had been made on crop insurance applications, acreage reports, and production worksheets. Additionally, it was discovered that these three separate entities had all been operating out of the same address until late in the investigation. At this point, both agencies felt the case indicated potential fraud and referred it to the U.S. Attorney's office.

Due to this extensive collaborative effort between RMA and its partners a civil complaint was subsequently filed with the District of Minnesota. The criminal division is considering this case for criminal prosecution as well. The case is expected to come to trial in 2005.

### *The Huber Case*

In the 2002 annual report to Congress, RMA demonstrated how its collaborative work brought to light a high-dollar fraud case perpetrated by Duane Huber, Huber Farms General Partnership, and Huber Farms, Inc. Through a combined effort between FSA, RMA, and OIG, it was discovered that Huber, an agricultural producer and crop insurance agent, had set up five sham farm operations and had paid others to place the operations under their names so that he could acquire excessive crop insurance and Federal farm program payments. The case was brought to trial by the U.S. Attorney's office, and in November 2002 a Federal court criminally convicted Huber of 19 counts of fraud, racketeering, and tax and conspiracy charges. Huber was ordered to forfeit \$5.9 million for money laundering, conspiracy to defraud Federal agencies, false statements,

and filing false tax returns in connection with Federal farm and crop insurance programs administered by USDA.

After the 2002 conviction a sentence was handed down on June 4, 2003. Duane Huber, Huber Farms General Partnership, and Huber Farms, Inc. were sentenced in the Federal District Court of North Dakota. Huber was ordered to serve 60 months in prison, followed by 3 years of supervised release. He was also ordered to forfeit \$5,876,970, pay a special assessment of \$1,800, and pay \$13,800 towards the cost of prosecution. Huber Farms General Partnership was placed on probation for 3 years and ordered to pay a special assessment of \$4,000. Huber Farms, Inc. was also placed on probation for 3 years, and was ordered to pay a special assessment of \$800.

As a result of the trial, RMA has suspended Duane Huber, Huber Farms General Partnership, and Huber Farms, Inc. from future participation in the crop insurance program as an insured producer, crop insurance agent, and/or owner of an agency selling crop insurance in any capacity. The North Dakota Insurance Department has also served a Cease and Desist order and filed an administrative complaint against Huber to revoke his agent's license.

Huber's defense team has filed an appeal of the verdict and sentencing. The U.S. Attorney's office has also filed an appeal of the verdict and sentencing. A hearing is scheduled for 2004 with the 8<sup>th</sup> Circuit U.S. Court of Appeals.

RMA's collaboration on this case was integral to its successful prosecution. Agency personnel assisted the OIG, Internal Revenue Service, and the U.S. Attorney's Office throughout the criminal prosecution and testified at the criminal trial.

## **Collaborative Partnerships**

The high-profile case examples above represent just a few of the many ways in which RMA collaborates regularly with anti-fraud alliance partners and other agencies to maintain the integrity of the crop insurance program. The following sections will give details on many other collaborations that RMA contributes to, and will give some "Collaboration in Action" case examples that show how these collaborations work and how they are producing successful results.

## Working with FSA

FSA is one of the strongest allies in the fight against fraud, waste, and abuse. FSA personnel serve as firsthand observers in the field and can provide RMA with invaluable, on-the-ground analysis and feedback about the farming operations in their areas. RMA, in turn, works to provide them with the help and information they need to monitor agricultural producers as effectively as possible. This is done through:

- Spot check referrals;
- 4-RM Handbook referrals; and
- Consultation with FSA State committees.

Each of these areas will be discussed below.

### SPOT CHECK REFERRALS

As explained in the section of this report on data mining (p. 16), each year RMA uses data mining technology as well as analysis and past loss experience to develop a list of producers with notable policy irregularities such as unusually high loss ratios, high frequency of losses, and severe losses. RMA provides this list every April to the appropriate FSA county Offices, whose staffs review these cases for potential fraud, waste, and/or abuse by performing inspections, or “spot checks,” of the farming operations on the list. The FSA county Offices then refer their findings back to RMA and the Agency then provides these results to the appropriate insurance providers for those operations. At the same time RMA sends notification by letter to all producers who are on the list.

In previous years the spot check list has served as an excellent preemptive risk management and cost-avoidance tool, and continues to do so in 2003. As was discussed in the section on data mining, statistics show a substantial reduction in indemnities paid to producers on the spot check list this year. For all producers whose names appeared on the 2003 spot check list, indemnities paid out decreased from more than \$187 million in 2002 to \$106 million in 2003. This means the spot check list and its collaborative process allowed RMA to save \$81 million in unwarranted indemnity payments. These statistics indicate that the list is acting as a deterrent to fraudulent claims because producers

who know they are on the spot check list are choosing to file far fewer claims for much less indemnity than they have in the past. This pattern has been consistent over the 2 previous years and continues to be so this year.

### *Collaboration in Action: Spot Check Uncovers Fraud in Towner County, North Dakota —*

The Towner County, North Dakota producer involved in this case was identified and put on the spot check list as a result of the data mining process. The data showed that there was some irregular policy behavior in the producer’s crop insurance history, which could be an indicator of fraudulent activity. RMA provided FSA with the information, which FSA evaluated. FSA confirmed that the producer should be spot checked. The producer’s insurance provider was then informed, and was asked to perform a growing season inspection on the producer in 2003. That year the producer had made a prevented planting claim (stating that he was unable to plant his crop due to adverse conditions). The insurance company performed an inspection of the producer’s records and land and discovered no evidence that the producer had even attempted to prepare his land for planting, or had in any other way prepared to plant a crop. As a result, the producer’s prevented planting claim was denied, producing a cost avoidance of \$245,111 for crop year (CY) 2003.

### 4-RM REFERRALS

Another collaborative effort between RMA and FSA is the 4-RM referral process. However, in this case, instead of RMA providing information to FSA, as in the spot check referrals process above, 4-RM referrals originate from the observations of FSA county Office personnel in the field and are then sent to the RMA RCOs for follow-up. To help conduct this referral process as easily and smoothly as possible, RMA and FSA developed a procedural guide for staff to follow called the 4-RM Handbook, FCIC Program Integrity.

In 2003 FSA county Offices submitted 143 4-RM referrals to RMA, representing 224 different crop policies. The RCOs evaluated these referrals and also continued processing and closing referrals made prior to 2003 that were still outstanding. Any referrals that ultimately revealed

improper claims or policy filing were then referred to the appropriate insurance providers, who could then deny indemnity payments.

Year-end numbers show that all 4-RM cases that were validated and resolved in 2003 resulted in a total of more than \$1.5 million in cost avoidance. This means that over the past 3 years 4-RM referrals have produced more than \$7.4 million in cost avoidance so far. Some of the 2003 referrals still remain under review, and it is expected this amount will increase as further cases are resolved.

*Collaboration in Action: 4-RM Referral Results in \$118,632 in Savings --*

The Texas State FSA Office referred the following case of suspected fraudulent activity to RMA's Southern Regional Compliance Office (SRCO) in 2003. A producer was alleged to be involved in activities that could produce unnecessary crop failure, such as poor farming practices, and failing to properly maintain his crop. The SRCO evaluated the referral and asked the producer's insurance provider to conduct growing season inspections on the producer's 2003 cotton crop. The insurance provider did so, and determined that there was loss of production on four units of the crop that was due to negligence or mismanagement by the producer or his employees. The company also determined that the producer failed to follow good farming or irrigation practices and there was loss of production due to failure or breakdown of irrigation facilities or equipment, an uninsurable cause of loss. Further, the company determined that one unit was uninsurable because it was planted following a small grain crop that had reached the heading stage. As a result, the producer's loss claims for his cotton crop were denied, resulting in a total cost avoidance of \$118,632 with a reduction in the producer's insurance premium of \$2,868.

#### CONSULTATION WITH FSA STATE COMMITTEES

In 2001 RMA and FSA State Committees worked together to create procedural guidelines for each agency's consultation responsibilities included in the 4-RM Handbook. Those procedures were then put in action, and have continued through 2003.

This year RMA and FSA State Committees continued working together to improve program compliance and

integrity and ensure that procedures remain clear and effective. As such, in 2003, RMA Regional Offices (ROs) referred 84 issues to the FSA State Committees for review and consultation. The FSA State Committees referred seven issues to the RMA ROs.

As a result of discussions between the two agencies, RMA made a number of procedural changes (see "Collaboration in Action" section below for one such example) and also amended RMA's procedural responsibilities in 2003. These amendments will allow RMA to continue to build on the efficiency of the consultation process by:

- Adding a procedure for FSA State and County offices to follow when providing details and information on specific cases to RMA;
- Providing direction on what steps RMA should follow when it identifies producers who are suspected or confirmed not to be following the crop insurance program regulations properly;
- Giving procedural guidelines for how RMA should address special policy changes ("policyholder alerts"); and
- Adding instruction for both RMA and FSA on how to proceed when producers have submitted questionable program information.

In order to monitor and continually refine the consultation and referral process, documentation of this process through the FSA Consultation electronic log and tracking system will continue. This system creates forms, generates reports, and documents background information on all requested changes to the consultation procedure, including where the request for a change originated (FSA or RMA), what issues or conditions prompted the change, and what the final decision was on whether or not to add the proposed change.

In 2003 RMA ROs also continued to provide annual informational updates to the FSA Committees about crop insurance issues, provided FSA offices with program fact sheets, and conducted review meetings on the consultative process.

*Collaboration in Action: RMA and FSA Find Solution to Final Planting Date Problems in Washington State --*

Washington State's FSA Committee referred an issue to RMA regarding the final planting dates for potatoes and cabbage in western Washington State. In the case of the potato final planting dates, producers in the area were finding that in years with wet weather conditions, the required final planting date set by RMA policy (May 31) was too early to grow productive early- and mid-season potato varieties. The FSA State Committee and Extension Service brought this issue to RMA's attention and suggested that RMA change the policy's final planting date to June 15, which would help the farmers grow a better crop without creating a decrease in yield or quality. RMA evaluated the suggestion and changed the final planting date in Skagit County, Washington for early and mid-season potato varieties to June 15, while the original May 31 date was maintained for those producers growing full-season varieties.

A similar situation existed regarding final planting dates for cabbage producers in the region. Due to the quick spoilage rate of cabbage, only a certain amount can be sent to markets at a time. This means producers need to time their growing and harvesting to accommodate a staggered schedule. As such, producers in the Pierce County, Washington region were finding the final planting date for cabbage required by RMA (July 31) to be too restrictive to follow without causing production problems. The FSA State Committee and Extension Service referred the issue to RMA, recommending that the date for Pierce County be extended by 5 days, which they believed would help the farmers to produce crops without any reduction in yield. After reviewing the recommendation, RMA revised the final planting date for Pierce County to August 5.

### **Working with Insurance Providers**

Along with FSA, insurance providers—those agents, adjusters, and other insurance personnel who provide and oversee the policies—are valuable allies in the first line of defense against fraud, waste, and abuse. Insurance providers are directly involved with the policies and producers/policyholders at the local level and therefore can give RMA and FSA valuable information about suspicious claims activity. They can also assist anti-fraud efforts by

reviewing and investigating claims and managing the claims adjustment process. Referrals from insurance providers help the Compliance Office maintain a proactive approach to combating potential fraud since the majority of these kinds of referrals are investigated before the insurance providers pay claims to the producers. RMA will continue to work closely with insurance providers to detect, prevent, and correct fraudulent activity.

*Collaboration in Action: Tip from Insurance Provider Produces \$97,611 in Cost Avoidance --*

This case came to light through a tip provided by a local insurance provider to RMA's NRCO. This referral from the insurance provider questioned a North Dakota producer's prevented planting claim in CY 2002. The company also questioned the amount of wheat production reported by the producer. RMA conducted a review of the producer and discovered that while he had reported he had been unable to plant about 800 acres of his wheat and soybean crops due to adverse conditions, he had actually planted the crops in this acreage. RMA also found that the producer had misreported his 2002 wheat production. In some of his production documents, he assigned production to CY 2001 when in fact it was produced in 2002. As a result of these findings, the insurance provider corrected the payable indemnities allowed. These corrections resulted in a total cost avoidance of \$97,611.

### **Other Important Collaborations**

#### **SPECIAL INVESTIGATIONS BRANCH**

The Special Investigations Branch (SIB) is a division of the Compliance Office. As was described in the cases highlighted at the opening of this section on collaboration (pp. 24 – 27), SIB investigates significant, high-profile cases of alleged fraud, waste, and abuse for RMA and collaborates on investigations with the OIG, RMA RCOs, and FSA.

Once a suspected case of fraud is substantiated, SIB investigators refer the case to OIG, which is responsible for investigating the case further and referring suggested cases for prosecution to the U.S. Attorney's office. RMA's SIB investigators provide direct assistance to the OIG during their criminal investigations, including executing search warrants, conducting interviews, and providing courtroom testimony.

On occasion SIB also makes referrals to State or local prosecutors regarding insurance fraud. They can also refer cases for Federal civil action to the U.S. Attorney's office through the OIG or the USDA's Office of General Counsel (OGC). Additionally, SIB may refer cases to the RMA Administrator for disqualification of producers, insurance agents, loss adjusters, insurance providers, and others who violate program rules.

This year SIB investigated 27 major cases in which 878 crop insurance policies were reviewed. The total indemnity involved in these policies was over \$46 million. These reviews resulted in an operational cost avoidance of \$1.3 million and final findings of \$419,000 in overpaid indemnities.

Further, the SIB assisted the U.S. Attorney's Office in seven cases involving either civil action, criminal action, or both. In the criminal cases the courts ordered approximately \$5.8 million in asset forfeiture and \$116,000 in restitution. An additional \$20,400 was ordered in special assessments and other charges.

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*Collaboration in Action: SIB Investigation Uncovers \$1,176,439 in Indemnity Overpayments --*

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The RMA Midwestern Regional Compliance Office (MRCO) participated in a collaborative effort to investigate a family of potato producers in Bay City, Michigan who appeared to be providing false statements and concealing production amounts in order to obtain an FSA loan and crop insurance payments. During MRCO's investigation of the producers' crop insurance and claims records, they uncovered evidence that appeared to indicate that the producers had combined harvests from two different farms in order to claim that the majority of production was only on one farm. By doing this the producers could claim a loss on the farm that appeared to have low production and receive crop insurance indemnity payments. MRCO's analysis found that, at the same time the producers had done this, they were already processing and marketing the harvested potato production that was actually grown on both farms. MRCO also found that the invoices and purchase orders provided by the producers as evidence of production losses were inadequate and did not accurately reflect the amount of production on each unit. Additionally, the OIG searched the producer's residence and place of business and seized

records that also showed there was substantially more potato production sold by them than the producers had in fact claimed they produced. These omissions, along with the failure to provide all harvested production, caused indemnity overpayments of approximately \$1.2 million for CY 1992-1996.

This evidence resulted in the U.S. Attorney's office filing both a civil and criminal complaint. As a result of the indictment the insureds were suspended from participating in the crop insurance program. Though the criminal trial found the insureds not guilty, the civil trial is still pending and the SIB is currently working with the Assistant United States Attorney's office (AUSA) to prepare the case for civil prosecution through the Affirmative Civil Enforcement program. At the request of the AUSA, the producers' suspension from the crop insurance program will be continued until the civil complaint is settled.

**OFFICE OF THE INSPECTOR GENERAL**

RMA collaborates with OIG and provides significant support to OIG during the investigation and prosecution of criminal fraud cases. Another vehicle for OIG and RMA collaboration is the OIG Hotline.

The OIG Hotline is a toll-free, confidential phone service to which anyone may report conditions they believe reflect dishonest agricultural practices. OIG screens the calls and refers certain cases to RMA to research, investigate, and take corrective action as needed. Once an RCO's review is completed the results are sent to OIG so they can be entered in its hotline tracking system.

During 2003 RMA reviewed over 1,200 policies associated with OIG Hotline Referrals, which marks a 20-percent increase in reviews from the previous year. RMA was able to resolve 56 percent of the 280 cases associated with these policies. These investigations resulted in more than \$2.7 million in cost savings and uncovered \$630,000 in overpaid indemnities.

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*Collaboration in Action: OIG Referral Uncovers Sham Farm Scheme and \$1,780,332 in Overpaid Indemnities --*

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OIG sent a hotline referral to RMA regarding five policyholders in western South Dakota. NRCO investigated these policyholders and found that the individuals had



devised a “front producer” scheme in which they set up sham farm operations under the name of individuals who were not actually farming these operations. Instead, the profits and insurance payments for these operations were all being channeled to one producer. Further, the investigation showed that these front producers were intentionally filing false insurance loss claims. For instance, evidence showed that some of the individuals filed prevented planting claims in CY 1999 when they would have actually been able to plant their crops. Additionally, in CY 2000 they reported high yields that they were unable to support with records. This misrepresentation and false reporting resulted in subsidy and indemnity overpayments totaling \$1,780,332. The case was then passed to the U.S. Attorney’s Office, who is preparing the case for indictment, expected to occur in 2004.

#### MANUAL 14

Manual 14, entitled *Guidelines and Expectations for the Delivery of the Federal Crop Insurance Program*, is a document that sets the minimum requirements for training, quality-control review procedures, and performance standards for insurance providers issuing FCIC policies. The purpose of Manual 14 is to establish oversight and quality control of insurance providers’ performance.

Manual 14 requires insurance providers to follow certain regulations in order to administer FCIC policies. To ensure that insurance providers are following these policies, Manual 14 also requires that RMA conduct regular reviews of insurance providers’ compliance with FCIC procedures.

One such review is the Compliance Crop Insurance Contract Review. Under this review, the insurance provider must conduct compliance reviews of a certain number of statistically selected indemnity claims from the previous crop year based on the number of active contracts they have (with a minimum requirement of 50 reviews conducted for any provider). Insurance providers must verify that each of these examined claims was accurately reported to RMA, and that all documented information provided by the policyholder, sales agent, and loss adjuster is true and accurate. FSA State Offices also assist in this review process by providing producer information, maps, and other program information and documents to insurance providers by request. The FSA State Offices are integral to this process because they provide third-party verification of producer information that helps both insurance providers and RMA confirm that crop insurance indemnities were properly paid.

During 2003 all FCIC-approved insurance providers, with the assistance of FSA, completed 1,680 Compliance Crop Insurance Contract Reviews of CY 2002 indemnity claims, representing 43 crops in 40 States. Of these 1,680 reviews, the insurance providers uncovered 86 improper policy errors.

RMA is also currently developing a system of conducting operational reviews of insurance providers to assess their overall compliance with the terms and standards of Manual 14. Part of this new review process will allow RMA to estimate a rate-of-error percentage for individual insurance providers. The first operational review of an insurance provider is expected in 2004.

#### SANCTIONS

RMA has the authority to impose administrative sanctions on producers who abuse the crop insurance program. RMA is able to disqualify and impose civil fines against producers, agents, loss adjusters, and insurance providers involved in fraudulent activities. Further, RMA has the authority to disqualify these individuals from both the crop insurance program and most other farm programs. RMA can also impose a civil fine for each violation up to the total dollar amount the individual obtained as a result of the false or inaccurate information provided, or \$10,000, whichever is greater. Referrals for sanctions are processed by RMA’s Sanctions Office and the Appeals, Litigation, and Liaison staff (A&L).

Sanctions Office and A&L responsibilities include:

- Reviewing all incoming sanction recommendations for adequate evidence and completeness;
- Preparing complaints;
- Working with OGC to secure legal sufficiency;
- Briefing the RMA Administrator on all cases and securing required signatures;
- Filing documents with the Administrative Law Judge;
- Participating in all aspects of the appeals process when invoked, including providing litigation support and attending hearings;
- Ensuring all interested parties are notified when sanctions are imposed;
- Collaborating with OGC to develop evidence and documentation standards for sanctionable activities; and
- Working with RMA RCOs to ensure that their sanctions referrals meet these newly developed standards.

Table 4 – Witness Request Activity - January 1 through December 31, 2003

<b>Number of Requests</b>	<b>19</b>
<b>Requests Approved</b>	<b>14</b>
<b>Requests Denied</b>	<b>0</b>
<b>Requests Withdrawn</b>	<b>5</b>
<b>Requests Pending</b>	<b>5</b>

Source: USDA/Risk Management Agency

A&L also processes referrals and appeals for suspension and debarment under 7 Code of Federal Regulations (C.F.R.) § 3017, and performs similar functions to those listed above for that process.

This year both offices continued their lead role in processing disqualification actions against those involved in fraudulent crop insurance activities. From January through December 2003, 56 sanctions referrals were received. Of these, 19 sanctions were imposed in the form of disqualification from the program, debarment, suspension, and/or civil fines (table 3). Another 60 sanctions cases are pending legal action.

A&L is also responsible for responding to requests, both for RMA employees to appear as witnesses in cases in which RMA is not a party to the lawsuit and for subpoenas for the production of documents. The appearance of an RMA employee at a judicial proceeding provides significant support to an insurance provider in its efforts to uphold the integrity of the crop insurance program. As such, these

witness requests have increased significantly during the past few years. In the last 3 calendar years alone (2001 to 2003) RMA has received 82 witness requests; whereas only 28 such requests were received over the entire period of 1992 to 2000. This increase in witness requests, both those made and those subsequently approved by RMA (table 4), demonstrates our willingness to provide support to RMA insurance providers when policies are challenged in arbitration or other legal proceedings.

*Collaboration in Action: Sanctions Referral Results in Disqualification, Civil Fines --*

In 2003 sanctions and civil fines were imposed against a North Dakota producer and a loss adjuster for willfully and intentionally providing false and inaccurate information to FCIC and the producer’s insurance provider. This case was uncovered through a collaborative effort between FSA, RMA NRCO, and the Sanctions and A&L offices.

Initially, the North Dakota FSA found a discrepancy in a local producer’s production records. The producer had reported to the crop insurance program that his entire wheat acreage was not harvested. Later, the producer filed for crop disaster assistance and indicated that some of his acreage had been harvested. The North Dakota FSA notified NRCO of this discrepancy and NRCO investigated further.

NRCO discovered that, in February 1999, the producer and the loss adjuster on the claim had backdated production and appraisal worksheets stating that inspections had

Table 3 – Sanctions Processed - January 1 through December 31, 2003

**CURRENT STATUS OF REFERRALS**

<b>Sanction Type:</b>	<b>Disqualification</b>	<b>Debarment</b>	<b>Suspension</b>	<b>Civil Fines</b>
<b>Referred (open)</b>	<b>22</b>	<b>12</b>	<b>19</b>	<b>3</b>
<b>Completed (sanction imposed)</b>	<b>3</b>	<b>2</b>	<b>10</b>	<b>4</b>
<b>Declined (lacked legal sufficiency)</b>	<b>10</b>	<b>2</b>	<b>0</b>	<b>10</b>
<b>Appealed or Withdrawn</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Pending (w/A&amp;L, OGC, ALJ, or DOJ)</b>	<b>33</b>	<b>12</b>	<b>11</b>	<b>4</b>

Source: USDA/Risk Management Agency

taken place in July 1998 as well as February 1999. In fact, NRCO found that no inspection had occurred in July at all. However, despite failing to make an on-site inspection to account for the harvested production on the producer's claim forms the adjuster recommended the claim be paid, resulting in a \$3,112 overpayment.

NRCO then referred this case for possible sanctions. After a review by the A&L staff a settlement was reached with both parties. The producer was disqualified from the crop insurance program for 1 year beginning October 15, 2003, and received a civil fine of \$1,500. The loss adjuster received a civil fine of \$2,000.

#### DETECTION OF DISPARATE PERFORMANCE

Using data mining technology RMA can analyze statistical information on insurance agents whose policies have paid out loss claims that were 150 percent or more above the average for other agents in their local area—a disparity that can indicate fraudulent activity. Similarly, the data mining process can identify insurance adjusters who consistently reported significantly lower production yields (both harvested and unharvested) than their peers, which resulted in indemnity payments that were 150 percent or greater than the average for that area—another condition that may indicate suspicious activity.

Beginning in 2001, the CAE produced an annual report of agents and adjusters whose records reflected disparate behavior. This list identified the top 5 percent of agents who had the greatest disparities in loss claims relative to their local agricultural production area. It also identified the most egregious cases of adjusters who consistently reported lower production yield figures than their peers.

Copies of the 2003 list produced by CAE have been distributed to the insurance providers. RMA is planning to have a session with the insurance providers in 2004 to go over the results of this year's list and provide follow-up data information on the agents and adjusters identified on the list. At that time RMA will also provide insurance providers with a new 2004 list.

#### DATA RECONCILIATION

RMA and FSA began development of a Common Information System (CIS) in 2003, which included a preliminary meeting of agency and crop insurance industry personnel and completion of the Office of Management and Budget and USDA's Office of the Chief Information Officer's required documents. This project is designed to identify common and unique producer information reported to both agencies and to reduce the reporting

burdens of producers, FSA, and insurance providers. The CIS project will improve the efficiencies of data exchange and reconciliation between RMA, FSA, and insurance providers. CIS will also bring a reduction of duplicate acreage information required to be reported to both programs, reduce misreporting and program abuse, and satisfy the ARPA requirement for reconciliation of producer-reported information to FSA and RMA.

CIS is being developed to address the requirement in Section 10706(b) of the 2002 Farm Bill, which states: "*The Secretary shall ensure that all current information of the Federal Crop Insurance Corporation and the Farm Service Agency is combined, reconciled, redefined, and reformatted in such a manner so that the agencies can use the common information management system developed under this subsection.*" CIS is also an important part of the President's E-Government initiative.

The scope of the project includes four components of core information: (1) producers (entities) and shares; (2) farm, field, and unit identifiers; (3) crops and acreage; and (4) production information required by both agencies. It is recognized that some program differences exist between FSA and RMA programs. To the extent that such program rules differ, allowances will be maintained to account for the differences. In areas where the rules are similar, efficiencies should be possible. CIS will interface with approved RMA, FSA, USDA, and insurance provider applications collecting and reporting common information. CIS will allow RMA, FSA, other USDA branches, and insurance providers access to use the shared, common information reported by producers.

#### *Collaboration in Action: Data Reconciliation Uncovers \$258,789 in Overpaid Indemnities --*

In 2003, the Eastern Regional Compliance Office (ERCO) closed a case of fraud perpetrated by an Indiana popcorn and soybean producer. A referral on this producer originally came in from FSA's Crop Disaster Program. After RMA and FSA shared data to uncover discrepancies and investigated further it was discovered that the producer was farming three farms and shifting the harvested crops between the three farms in order to adjust the production records in a way that would improve his ability to claim losses and receive higher indemnity payments. The producer also failed to keep separate production records for each farm. These actions resulted in overpaid indemnities totaling \$258,789. The producer's insurance provider is attempting to recover the overpaid indemnity amounts and the case is currently being reviewed for possible administrative sanctions.

# Results

**In 2003 RMA's Compliance Office continued to work towards an ever-increasing level of productivity, innovation, and collaboration in an effort to fight fraud, waste, and abuse in the crop insurance program. This work has produced a number of successful results. Among other achievements described in this report, in 2003 RMA's Compliance Office has:**

- Conducted 13,088 policy reviews (p. 9; Appendix, p. 40)
- Uncovered more than \$17 million in incorrect indemnity payments (p. 9; Appendix, p. 41)
- Recovered approximately \$59 million in findings and recoveries (p. 11; Appendix, p. 42)
- Produced more than \$92 million in cost avoidance (p. 12)
- Initiated the Speed in Business program to boost productivity (pp. 7-9)
- Developed ways to manage and prioritize caseload more effectively (pp. 15-16)
- Employed innovative technologies to proactively fight fraud, waste, and abuse (pp. 16-22)

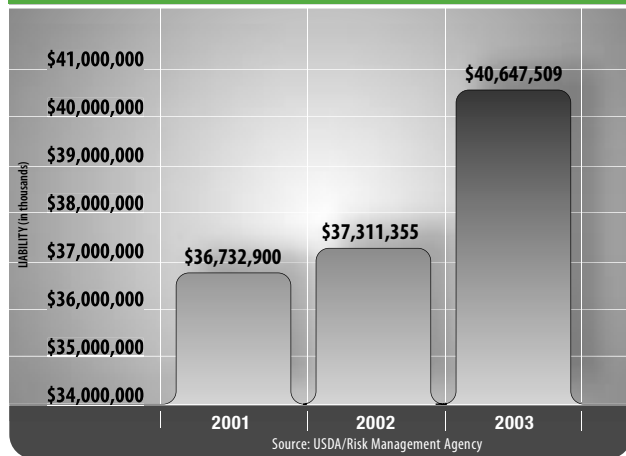
- Created cutting-edge training tools (pp. 22-23)
- Investigated and uncovered high-dollar fraud cases and assisted in bringing them to justice (pp. 24-27)
- Heightened collaborative efforts with FSA, insurance providers, OIG, and other partners (pp. 27-36)

These are only some of the highlights of what has been accomplished this year. Such work adds to the efforts that have been made over the past 3 years to fulfill RMA's ongoing mission to protect the integrity of the crop insurance program for America's agricultural producers. Since the first issuance of this annual report in 2001, increasingly substantial results have been achieved, including a total of more than \$127 million in findings and other recoveries, and more than \$288 million in cost avoidance.

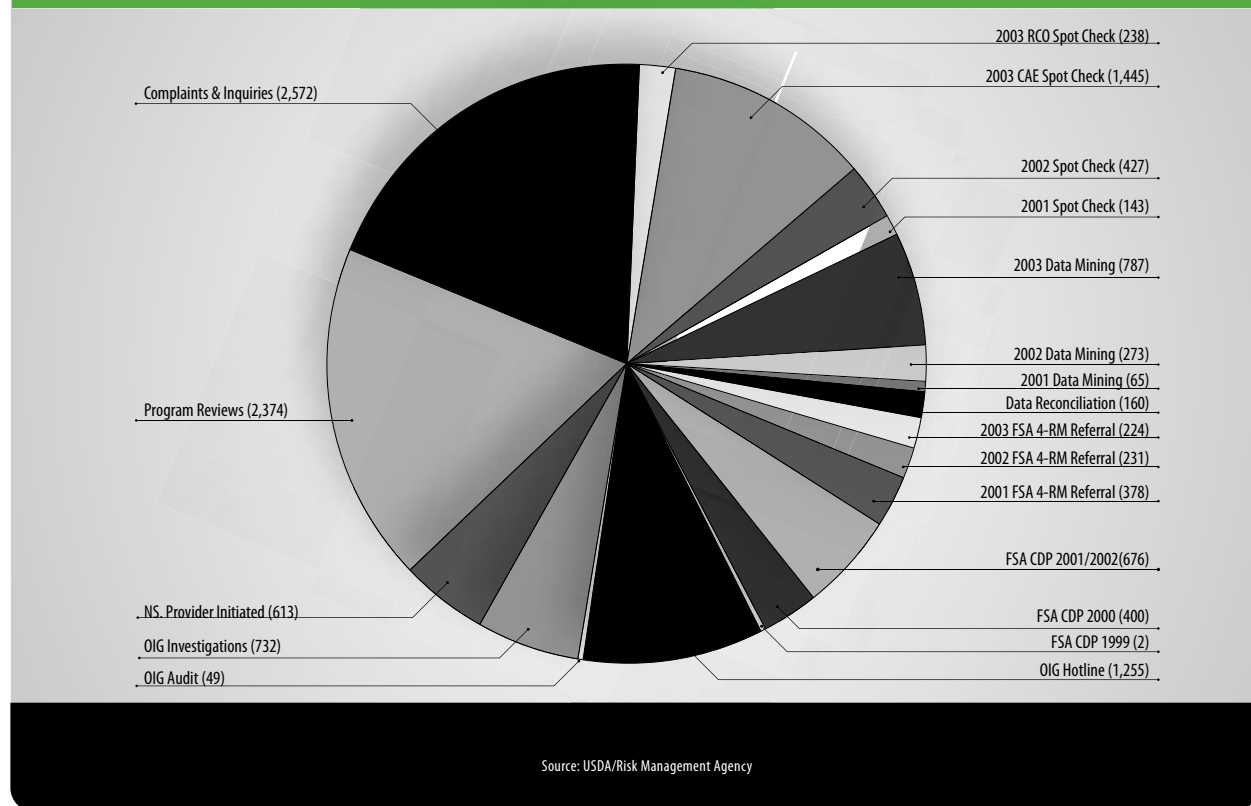
Going forward into 2004 and beyond, RMA will continue its efforts to support the country's agricultural producers by striving to boost productivity, increase innovation, strengthen collaborations, and eliminate fraud, waste, and abuse.

# Appendix

**Figure 8. Program Growth 2001-2003**

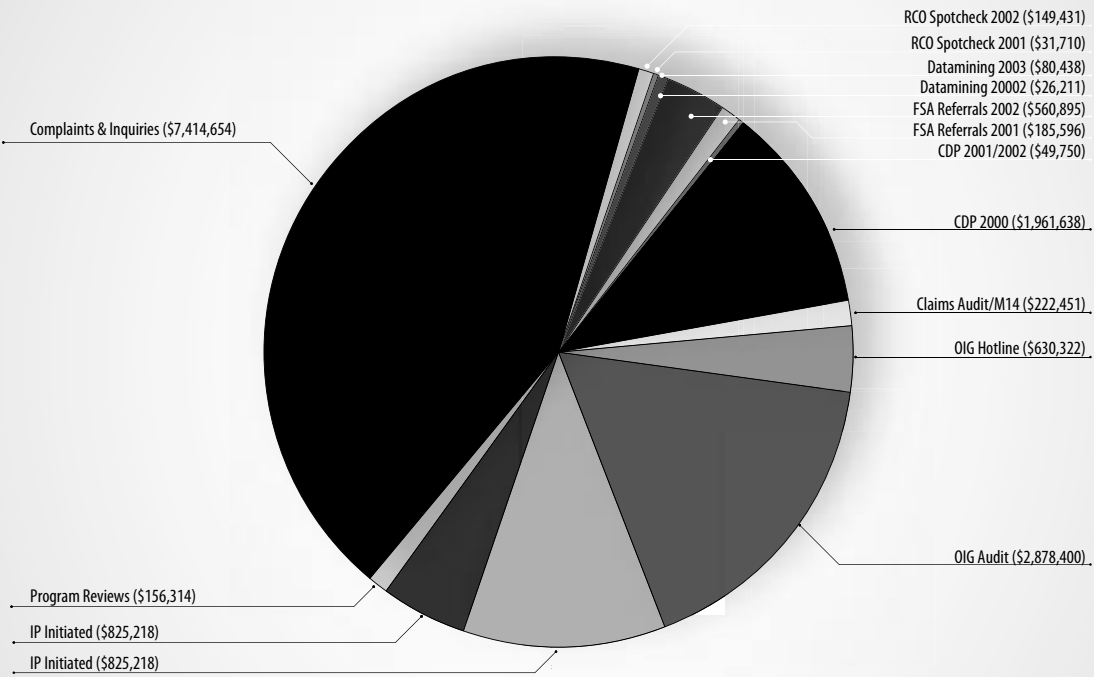


**Figure 9. Summary of Policy Reviews January - December 2003**  
 Total number of policies reviewed: 12,962



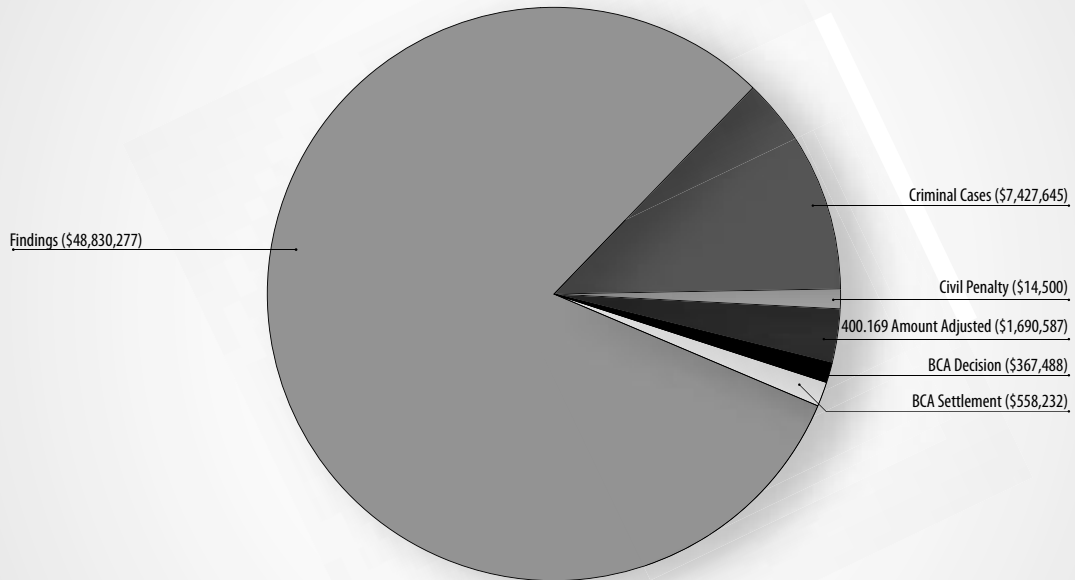
**Figure 10.**

**2003 Idemnities Identified in Final Determinations**  
**Total Idemnities: \$17,042,246**



Source: USDA/Risk Management Agency

**Figure 11**



Source: USDA/Risk M

TOTAL		OVERVIEW BY CASE SOURCE (Reporting Period: January 1 - December 31,2003)												
		A	B	C	D	E	F	G	H	I	J	K	L	
		2003 RCO SPOT CHECK AD-2027	2003 CAE SPOT CHECK AD-2027	2002 SPOT CHECK AD-2027	2001 SPOT CHECK AD-2027	2003 DATA MINING	2002 DATA MINING	2001 DATA MINING	DISPARATE PERFOR MANCE	DATA RECON- CILIATION	2003 FSA 4-RM AD-2007	2002 FSA 4-RM AD-2007	2001 FSA 4-RM AD-2007	
SCOPE	1	TOTAL CASES	36	58	61	50	35	26	15	3	1	145	110	94
	2	TOTAL POLICIES	238	1,445	427	143	787	273	65	0	160	224	231	378
	3	TOTAL PREMIUM	\$2,933,602	\$16,290,199	\$4,278,574	\$2,693,581	\$10,808,846	\$4,261,491	\$4,224,037	\$0	\$794,983	\$3,142,108	\$2,133,291	\$2,742,203
	4	TOTAL LIABILITY	\$28,475,549	\$117,807,758	\$28,712,056	\$20,624,042	\$73,785,100	\$32,573,012	\$36,016,584	\$0	\$6,184,456	\$16,537,620	XXXXXXX	\$18,635,646
	5	TOTAL IDEMNITY	\$2,150,154	\$18,625,658	\$8,838,111	\$7,800,440	\$24,100,342	\$6,241,135	\$10,457,321	\$0	\$2,223,451	\$2,210,239	\$3,987,330	\$6,518,770
	6	CLOSED CASES	6	0	53	42	4	16	12	1	1	38	66	86
	7	CLOSED POLICIES	213	0	411	134	348	133	49	0	160	70	177	212
	8	CLOSED PREMIUM	\$2,694,068	\$0	\$3,983,849	\$2,483,235	\$6,110,614	\$1,587,603	\$865,300	\$0	\$794,983	\$970,301	\$2,723,461	\$3,037,976
	9	CLOSED LIABILITY	\$26,749,707	\$0	\$27,155,681	\$18,693,715	\$43,764,960	\$11,669,895	\$8,292,746	\$0	\$6,184,456	\$4,215,790	\$11,933,603	\$15,163,555
	10	CLOSED IDEMNITY	\$1,726,436	\$0	\$9,136,501	\$7,191,048	\$24,100,342	\$4,101,999	\$1,837,184	\$0	\$2,223,451	\$812,141	\$3,063,320	\$6,678,059
RESULTS	11	# INITIAL FINDINGS	0	0	0	1	0	1	0	0	0	3	10	18
	12	INITIAL PREMIUM DISCREPANCY	\$0	\$0	\$0	\$0	\$0	\$305	\$0	\$0	\$0	\$15,561	\$48,646	\$77,432
	13	INITIAL IDEMNITY DISCREPANCY	\$0	\$0	\$0	\$4,596	\$0	\$3,698	\$0	\$0	\$0	\$4,278	\$1,037,039	\$326,105
	14	# FINAL FINDINGS	0	2	21	4	2	3	0	0	0	3	19	23
	15	FINAL PREMIUM DISCREPANCY	\$0	\$66,977	\$45,131	\$4,327	\$192	\$234	\$0	\$0	\$0	\$4,552	\$82,196	\$11,734
	16	FINAL IDEMNITY DISCREPANCY	\$0	\$0	\$149,431	\$31,710	\$80,438	\$26,211	\$0	\$0	\$0	\$0	\$560,895	\$185,596
	17	# CASES OIG INVESTIGATION	0	0	0	1	0	0	0	0	0	0	0	4
	18	# OPERATION RECOMMENDATIONS	0	1	5	1	0	0	0	0	0	2	2	0
	19	OPERATION COST AVOIDANCE	\$0	\$245,111	\$644,107	\$132,045	\$0	\$829	\$0	\$0	\$0	\$221,864	\$942,604	\$368,479
	20	OPERATION QUESTIONED COSTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$110,000
	21	# PROGRAM FINDINGS	0	0	0	0	0	0	0	0	0	0	0	0
	22	# PROGRAM RECOMMENDATIONS	0	0	0	0	0	0	0	0	0	0	0	0
	23	PROGRAM COST AVOIDANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	24	PROGRAM QUESTIONED COSTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	25	# CLOSED CRIMINAL CASES	0	0	0	0	0	0	0	0	0	0	0	0
	26	\$ CLOSED CRIMINAL CASES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	27	# CLOSED CIVIL CASES	0	0	0	0	0	0	0	0	0	0	0	0
	28	\$ CLOSED CIVIL CASES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Actions	29	# SANCTIONS	0	0	0	0	0	0	0	0	0	0	0	0
	30	CIVIL MONETARY PENALTY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	31	# 400.169 DETERMINATIONS	0	0	0	0	0	0	0	0	0	0	0	0
	32	# 400.169 \$ AMOUNT ADJUSTED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	33	# BCA DECISIONS/ SETTLEMENTS	0	0	0	0	0	0	0	0	0	0	0	0
	34	\$ BCA DECISION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	35	\$ BCA SETTLEMENT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA
	FSA CDP 2001/2002	FSA CDP 2000	FSA CDP 1999	CLAIMS AUDIT/MANUAL 14	OIG HOTLINE	OIG AUDIT	OIG INVESTIGATIONS	INS. PROVIDER INITIATED	PROGRAM REVIEWS	COMPLAINTS and INQUIRIES	Total	2003 RCO Spot Check	2003 CAE Spot Check	2002 Spot Check	2001 Spot Check
	464	181	3	47	280	14	63	102	54	629	2,471	35	26	45	80
	676	400	2	44	1,255	49	732	613	2,374	2,572	13,088	571	2,730	3,283	1,900
	\$2,935,967	\$4,331,408	\$198,409	\$1,461,899	\$13,518,221	\$4,836,784	\$20,255,995	\$6,656,015	\$5,109,095	\$40,994,822	\$154,601,530	\$5,924,218	\$19,994,526	\$21,352,407	\$10,810,175
	\$24,652,653	\$29,119,806	\$1,069,279	\$20,646,917	\$113,277,502	\$34,064,408	\$137,417,500	\$60,781,658	\$44,139,961	\$421,928,602	\$1,280,856,359	\$59,920,163	\$149,515,565	\$157,872,061	\$93,518,611
	\$5,484,272	\$5,753,670	\$735,765	\$4,720,162	\$24,757,876	\$29,330,431	\$48,715,856	\$12,265,758	\$12,816,116	\$80,389,562	\$318,122,419	\$4,494,978	\$27,271,338	\$26,187,031	\$10,578,057
	188	128	1	44	158	7	16	44	40	407	1,364				
	300	306	2	44	505	30	166	423	1,714	1,280	7,738				
	\$889,923	\$3,056,861	\$198,409	\$1,630,341	\$8,916,250	\$4,368,180	\$5,193,100	\$9,477,113	\$2,916,567	\$24,623,031	\$97,469,624				
	\$7,461,157	\$21,785,258	\$1,069,279	\$22,406,749	\$67,895,456	\$30,925,908	\$33,002,051	\$75,567,008	\$23,147,678	\$244,405,428	\$780,634,205				
	\$3,463,274	\$8,036,437	\$735,765	\$4,980,643	\$32,712,909	\$27,457,373	\$14,865,045	\$39,998,111	\$7,624,128	\$74,192,296	\$286,354,297				
	17	22	2	0	21	0	21	4	42	69	231				
	\$2,371	\$54,130	\$19,855	\$0	\$549,886	\$0	\$42,328	\$376,337	\$63,510	\$1,594,983	\$2,845,344				
	\$453,980	\$531,207	\$689,722	\$0	\$2,274,406	\$295,312	\$13,860,445	\$1,784,251	\$540,307	\$3,611,941	\$25,417,287				
	19	187	0	1	17	20	15	17	60	126	539				
	\$2,771	\$363,436	\$0	\$3,534	\$221,777	\$741,257	\$1,198,301	\$82,851	\$72,816	\$623,314	\$3,525,400				
	\$49,750	\$1,961,638	\$0	\$222,451	\$630,322	\$2,878,400	\$1,869,218	\$825,218	\$156,314	\$7,414,654	\$17,042,246				
	0	2	0	0	0	0	1	1	1	19	29				
	0	0	0	0	6	0	0	4	0	10	31				
	\$0	\$0	\$0	\$612,000	\$2,746,780	\$0	\$249,024	\$577,334	\$0	\$4,409,059	\$11,149,236	\$0	\$0	\$175,093	\$42,000
	\$0	\$0	\$0	\$0	\$1,305,961	\$0	\$2,172,163	\$0	\$0	\$0	\$3,588,574				
	0	0	0	0	0	0	0	0	0	3	3				
	0	0	0	0	0	0	0	0	2	3	5				
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
	0	0	0	0	0	0	2	0	0	7	9				
	\$0	\$0	\$0	\$0	\$0	\$0	\$6,683,120	\$0	\$0	\$744,525	\$7,427,645				
	0	0	0	0	0	0	0	0	0	0	0				
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
	0	0	0	0	0	0	0	0	0	0	19				
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,500				
	0	0	0	0	0	0	0	0	0	0	22				
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,690,587				
	0	0	0	0	0	0	0	0	0	0	2				
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$367,488				
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$558,232				



