

## **COM-20-007**

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Date

November 12, 2020

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Heather Manzano, Deputy Administrator for Compliance /s/ Heather Manzano

Subject

Pasture, Rangeland, Forage Point of Reference Accuracy

## **Background**

During a 2020 Pasture, Rangeland, Forage Program Review, Compliance identified several instances where the point of reference (POR) was not accurately reported. Compliance specifically found policies where:

- 1) The geographical location of the POR in the acreage report was not located in the insurable acreage;
- 2) The geographical location of the POR in the acreage report did not correlate with the grid ID selected for insurance;
- 3) A POR was not identified in the acreage report for every grid ID selected in the application when multiple grid IDs were insured;
- 4) A separate POR was not provided for each block of non-contiguous insured acreage;
- 5) A separate POR was not provided for each crop and intended use within contiguous acreage; or
- 6) The POR latitude and longitude were not transmitted to RMA for each required POR.

The point of reference is used to pinpoint the location of the insurable acreage and to determine the grid ID.

20 RVI Section (6) (f) states in part, "Separate points of reference must be established as follows:

- (1) A separate point of reference must be selected for non-contiguous insured acreage in a grid, by crop and intended use: and
- (2) With respect to contiguous insured acreage, a point of reference must be selected as follows:
  - (i) If you choose to combine the contiguous insured acreage into one grid, you must establish a point of reference for the insured contiguous acreage by crop and intended use... or
  - (ii) If you choose to separate the contiguous insured acreage into separate grids or counties, you must establish a point of reference for each selected grid by crop and intended use."

Additionally, the 2020 Approved Appendix III/M-13 Handbook requires the POR longitude and latitude to be transmitted electronically to RMA/FCIC through the Policy Acceptance and Storage System (PASS) for Apiculture and Pasture Rangeland Forage. The inaccuracies and insufficiencies identified above make it difficult to locate the insurable acreage or cause errors with the correct grid ID the policyholder intended to insure when various grid IDs apply to the acreage. The accuracy of the POR ensures that both the acreage and the grid ID reflect the policyholder's intended coverage.

## **Action**

Approved Insurance Providers (AIPs) and their agents must ensure that policyholders: 1) correctly report their PORs on the acreage report; and 2) identify a POR located in both the intended insured acreage and grid ID. Additionally, AIPs must report all applicable PORs through PASS. Failure by the AIP to comply with FCIC's data accuracy and reporting requirements may result in penalties available under the Standard Reinsurance Agreement.

### **DISPOSAL DATE:**

Until Modified or Rescinded