

## **COM-20-005**

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Date

November 2, 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

Production Reporting

### **Background**

The Risk Management Agency (RMA) is required annually, in accordance with Appendix C of the Office of Management and Budget (OMB) Circular No. A-123, Requirements for Effective Estimation and Remediation of Improper Payments dated October 20, 2014, to estimate and report an improper payment rate for the Federal crop insurance program. RMA recently completed its field review of policies for the 2018 reporting period and is currently reviewing policies for the 2019 reporting period.

In the recent improper payment review sample, RMA identified policies with errors that resulted from insureds not being able to support their unit structure with acceptable production or farm management records. More specifically, reviews found a significant number of producers who certified below the Enterprise Unit level (i.e. by database or line) but could not support the certification at that level.

Part 10, Section 3, paragraph 1038 of the 2021 Crop Insurance Handbook (CIH) states, in part, "Assigned yields and related procedures will apply if production

reporting provisions are not complied with for an EU. If the insured certifies production on the production report at a level below the EU, they must have acceptable records at the level reported or assigned yields will apply (see Para. 1303A for additional details). See Para. 1306, 1503B, and 1600 for assigned yield and related procedures.”

## **Action**

Approved Insurance Providers (AIPs) and their agents should remind insureds to certify production at a level they can support with acceptable production and farm management records to avoid assigned yields penalties. Accurate production reporting will help maintain the integrity of the crop insurance program and reduce the program's overall improper payment rate.

### **DISPOSAL DATE:**

December 31, 2021