

INFORMATIONAL MEMORANDUM: COM–23-003

DATE November 21, 2023

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

FROM: Heather Manzano, Administrator for Compliance /s/ Heather Manzano
11/21/2023

SUBJECT: Pasture Rangeland Forage

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 Fiscal Year (FY) 2023 (Reinsurance Year (RY) 2021) reporting period and is currently reviewing policies for the FY2024 (RY2022) reporting period.

Utilizing results data from the FY2023 improper payment review sample, RMA identified errors within Pasture, Rangeland, Forage (PRF) policies that significantly contributed to the improper payment rate. The errors associated with these improper payments resulted from:

1. Insureds not meeting the insurability requirements for the selected intent (haying/grazing) of the acreage and/or
2. Insureds inaccurately reporting acreage on the acreage report (i.e., acreage not supported with documentation such as leases, grazing permits and/or ownership documentation).

The RY2024 Pasture Rangeland Forage (PRF) Crop Provisions, Section 4(b)(1) and Section 4(b)(2) states in part that acreage of the crop that is (1) So steeply sloped or is too far from a water source such that livestock would not normally graze such acreage, or is otherwise not suitable for grazing, is not insurable under an intended use of grazing; or (2) So steeply sloped or covered by water such that it is impractical or impossible to hay such acreage using normal haying equipment or is otherwise not suitable for haying using normal haying equipment, is not insurable under an intended use of haying. Also, RY2024 RI Basic Provisions Section 9(b) & 9(f) states in part that the insured must certify on the acreage report that the Grid ID accurately identifies the location of the insured acreage based on the Point of Reference determined by the insured in accordance with Section 6(f); Acreage assigned to each grid ID is accurate to the best of the knowledge of the insured, as well as the insured must provide all required reports and is responsible for the accuracy of all information contained in those reports.

Action

Approved Insurance Providers (AIPs) and their agents should remind insureds that acreage must be suitable and grown for the intended use and that verifiable records are required to be maintained to support acreage reported on the acreage report. Appendix IV, Section III (D) of the Standard Reinsurance Agreement (SRA), outlines the minimum review requirements AIPs must complete regarding Rainfall Index reviews. In an effort to further reduce improper payments related to PRF policies, RMA is asking AIPs to reassess current quality control processes and procedures in order to identify errors prior to payments being made. Accuracy in these processes will help maintain the integrity of the crop insurance program and reduce the program's overall improper payment rate.

DISPOSAL: Effective until superseded or rescinded.