

**MYTH:** Waste, fraud and abuse are rampant in crop insurance.

**FACT:** According to the Risk Management Agency (RMA) at USDA, the improper payment rate for crop insurance for fiscal year 2015 was 2.2 percent, which is almost half of the average rate for all government programs (4.39 percent).

- All participants in crop insurance – farmers, agents, crop insurance companies, reinsurers and taxpayers - are dedicated to detecting and eliminating fraud, waste and abuse in the program.
- Crop insurance utilizes data mining to identify potential improper payments and also uses spot-checking of the work of insurance agents and adjusters.
- Because crop insurers have money at stake with every policy written, companies also spend money on training and monitoring.
- Actual fraud rates in the program are even lower than the improper payment rate reported by RMA. Improper payments are defined as over-payments, under-payments as well as simple errors such as inadequate documentation. An improper payment is not defined as including the existence of any intent to defraud the government.

### CLASSIFICATION OF “IMPROPER PAYMENTS”

#### Fiscal Year 2015

Types of Errors	% of Occurrences	Reason for Improper Payment
Acreage Reporting	23%	Over and under reporting acreage, combining or separating units, and entering incorrect descriptions
Production Records	19%	Over and under reporting of production
Production Records – Acceptability	11%	Providing inadequate, unacceptable, and/or unverifiable production records (i.e., not reflecting unit or farm identifiers)
Unit Structure	11%	Insuring units separately that should have been combined
Land Classification	8%	Incorrectly rating land (i.e., “AAA” vs. “High Risk”)
Yield Reporting Match	8%	Incorrectly entering data and using an incorrect amount for Approved Production History
Share	4%	Incorrectly reporting share for each unit
Practice/Type/Variety Match	4%	Misreporting units as irrigated
Contract Selection	4%	Improperly processing the correct coverage level
Revised Acreage Report	4%	Revising an acreage report after the due date
Production to Count	4%	Excluding some of the harvest production from the loss adjustment
<b>Total</b>	<b>100%</b>	

Source: Risk Management Agency, USDA