

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 2017 was 1.96 percent, which is less than half of the average rate for all government programs (4.67 percent)³.

- 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 2016

Types of Errors	% of Occurrences	Reason for Improper Payment
Audit of Production Records	30%	Records not supported by evidence, incorrect or incomplete documents, and unverifiable evidence
Production Reports – Support Units	23%	Production comingled, records not separated, and/or units not substantiated by records
Production Records – Acceptability	13%	Unacceptable, unverifiable, inaccurate and/or missing production records
Acreage Reporting	8%	Over reported acreage or share, units not planted, and acreage not reported in correct county
Production to Count	8%	Incorrect information, calculation, and/or processing of application
Signature date	4%	Missing documentation
Yield Reporting Match	4%	Over reported production
Contract Selection	4%	Transcription errors related to unit structure
Practice/Type/Variety Match	2%	Transcription error related to practice type
Share	2%	Incorrectly reported by unit by share
Unit Structure	2%	Records not maintained to qualify for unit structure
Total	100%	

Source: Risk Management Agency, USDA

³ For fiscal year 2016.