U.S. Department of Agriculture
Office of Inspector General

Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Year 2025


January 2026

Audit Report 05403-0002-11






OFFICE OF INSPECTOR GENERAL
United States Department of Agriculture

DATE: January 22, 2026

AUDIT NUMBER: 05403-0002-11

TO: Patricia Swanson
Administrator
Risk Management Agency

Scott Royster
Chief Financial Officer
Farm Production and Conservation Business Center

ATTN: Christopher Simmons
Performance, Accountability, and Risk Division Director
Farm Production and Conservation Business Center

Aja Buckner
Acting Branch Chief for the External Audits and Investigations
Farm Production and Conservation Business Center

FROM: Yarisis Rivera-Rojas
Acting Assistant Inspector General for Audit

YARISIS RIVERA ROJAS
Digitally signed by YARISIS RIVERA ROJAS
Date: 2026.01.22 14:14:45 -05'00'

SUBJECT: Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Year 2025

KPMG LLP, an independent certified public accounting firm, was engaged to audit the financial statements of Federal Crop Insurance Corporation/Risk Management Agency's (FCIC/RMA) as of and for the year ended September 30, 2025; to provide a report on internal controls over financial reporting; to report on whether FCIC/RMA's financial management systems did not comply substantially with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA); and to report any reportable noncompliance with laws tested and other matters. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget (OMB) audit guidance.

In its audit of FCIC/RMA's fiscal year 2025 financial statements, KPMG LLP provided an unmodified opinion and reported:

- the consolidated financial statements present fairly, in all material respects, the financial position of FCIC/RMA as of September 30, 2025, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with U.S. generally accepted accounting principles;

- no material weaknesses[1] in internal control over financial reporting;
- one significant deficiency[2] in internal controls over financial reporting related to general information technology controls;
- no instances in which FCIC/RMA's financial management systems did not substantially comply with FFMIA requirements; and
- no reportable noncompliance with provisions of laws tested or other matters.

In connection with the contract, the Office of Inspector General reviewed KPMG LLP's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on FCIC/RMA's financial statements; conclusions about the effectiveness of internal control over financial reporting; or conclusions on whether FCIC/RMA's financial management systems substantially complied with the three FFMIA requirements, or on compliance with laws tested and other matters. KPMG LLP is responsible for the attached auditor's report, dated January 15, 2026 and the conclusions expressed therein. However, our review disclosed no instances where KPMG LLP did not comply, in all material respects, with U.S. generally accepted government auditing standards and OMB audit guidance.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report. For agencies other than the Office of the Chief Financial Officer (OCFO), please follow your internal agency procedures in forwarding final action correspondence to OCFO.

We appreciate the courtesies and cooperation extended to KPMG LLP and my office by members of your staff during the audit fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (https://usdaoig.oversight.gov) in the near future.

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[1] A material weakness is a deficiency or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

[2] A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Administrator, Federal Crop Insurance Corporation/Risk Management Agency and
Inspector General, United States Department of Agriculture:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the United States Department of Agriculture, Federal Crop Insurance Corporation/Risk Management Agency (FCIC/RMA), which comprise the consolidated balance sheet as of September 30, 2025, and the related consolidated statements of net cost and changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the FCIC/RMA as of September 30, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the FCIC/RMA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter - Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Annual Report to provide additional information for the users of its consolidated financial statements. Such information is not a required part of the consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FCIC/RMA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the FCIC/RMA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Annual Report. The other information comprises the Message from the Administrator, Table of Contents, and the Other Information section but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2025, we considered the FCIC/RMA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the FCIC/RMA's internal control. Accordingly, we do not express an opinion on the effectiveness of the FCIC/RMA's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in Exhibit I, as items that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the FCIC/RMA's consolidated financial statements as of and for the year ended September 30, 2025 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

We also performed tests of the FCIC/RMA's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the FCIC/RMA's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

FCIC/RMA's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the FCIC/RMA's response to the findings identified in our audit and described in Exhibit II. The FCIC/RMA's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the FCIC/RMA's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the FCIC/RMA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
January 15, 2026

Exhibit I - Internal Control over Financial Reporting – General Information Technology Controls

The following criteria were considered in the determination and evaluation of the significant deficiency:

Government Accountability Office (GAO) Standards for Internal Control in the Federal Government, Principle 5 (*Enforce Accountability*); Principle 11 (*Design Activities for the Information System*); Principle 12 (*Implement Control Activities*); Principle 13 (*Use Quality Information*); Principle 16 (*Perform Monitoring Activities*); and Principle 17 (*Evaluate Issues and Remediate Deficiencies*).

National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53: *Security and Privacy Controls for Information Systems and Organizations*, which details requirements for Policy and Procedures and Account Management.

General Information Technology Controls

Management did not effectively design and implement controls related to user access reviews and could not effectively demonstrate termination of end user controls were operating effectively. In addition, FCIC/RMA did not perform reviews of security logs for certain financial system applications. These deficiencies occurred due to a lack of policies and procedures and monitoring of user access and security logs for FCIC/RMA systems. As a result of the control deficiencies, there is an increased risk to the completeness, accuracy, validity, confidentiality, and availability of the financial data within the systems.

Recommendations Related to General Information Technology Controls:

We recommend that management:

- Implement audit logging monitoring controls to reduce the risk that inappropriate and/or unusual activity that may compromise the integrity and availability of systems and data goes undetected and resolved.
- Design, document, and implement preventive controls to remove system application access within an acceptable timeframe following a user's separation date.
- Enforce existing policies to ensure that all users are included within quarterly user access reviews.

United States Department of Agriculture

Farm Production and Conservation Business Center

Risk Management Agency

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TO: Yarisis Rivera-Rojas
Acting Assistant Inspector General for Audit
Office of Inspector General

KPMG LLP
1801 K-Street, NW, Suite 12000
Washington, DC 20006

FROM: Scott Royster
Chief Financial Officer
Farm Production and Conservation Business Center

SUBJECT: Federal Crop Insurance Corporation/Risk Management Agency (FCIC/RMA) Audit Report Response

We have reviewed the KPMG Independent Auditors' Report dated January 15th, 2026. We are very pleased with the Auditors' unmodified opinion on FCIC/RMA's Fiscal Year (FY) 2025 consolidated financial statement.

FCIC/RMA agrees with the findings presented in the auditors' report. FCIC/RMA is in the process of developing and implementing corrective actions to remediate the findings and will continue to work with the USDA Office of Inspector General to ensure effective remediation in FY 2026.

Please feel free to reach out to Christopher Simmons if you have any questions.

FEDERAL CROP INSURANCE CORPORATION/ RISK MANAGEMENT AGENCY ANNUAL REPORT FISCAL YEAR 2025

Message from Patricia Swanson, Administrator, Risk Management Agency

<u>Mission of The Risk Management Agency</u>
Serving America's agricultural producers through effective, market-based risk management tools and solutions to strengthen the economic stability of agricultural producers and rural communities.

On behalf of the Risk Management Agency (RMA), it is my pleasure to present this comprehensive financial report detailing the exceptional work of the agency and its employees during fiscal year 2025. The above-stated mission of the agency is further enhanced by USDA's goal of putting Farmers First and RMA's priorities of ensuring the crop insurance program is actuarially sound and sustainable for the future, reducing burdensome requirements that limit producer participation, expanding the use of technology, and enhancing program integrity efforts at all levels of the program.

Crop insurance is a vital part of the farm safety net. RMA manages the Federal Crop Insurance Program, which provides effective, market-based risk management tools to strengthen the economic stability of agricultural producers. RMA continued to focus efforts to raise awareness and make improvements to existing programs that help producers to better manage their risk. RMA worked with Approved Insurance Providers (AIPs), agents, and stakeholder groups to respond to multiple disasters over the last few years.

Further, RMA focused on outreach across the nation by holding Specialty Crop Agent Roundtables. RMA facilitated discussions with more than 330 crop insurance agents and industry representatives across the nation. From August 12 to September 26, 2025, RMA hosted seven Specialty Crop Roundtable sessions with crop insurance agents and other stakeholders to engage in ways to improve crop insurance coverage for specialty crop producers. RMA leaders and subject matter experts met with agents and other key stakeholders over a variety of topics including general challenges; existing program utilization; expansion opportunities; training needs; technology; and other innovative solutions. The feedback from these face-to-face interactions is critical to improving services and insurance products and for understanding the barriers and issues that may hinder some producers from participating in the program.

Overall, the total insurance in-force in the program is over $198 billion on more than 563 million acres for crop year 2025.

Of the more than one million policies in effect, RMA issued over 11,000 written agreements. Written agreements are manually underwritten policies that offer coverage not available in the county or offer specific improved coverage or terms. This process provides significant flexibility, which covered over $1.45 billion of the more than $198 billion in total insurance in-force for our nation's farmers annually. This process also naturally identifies changing farming practices and crops grown in areas ensuring that our program is adaptive and effective.

The Risk Management Agency remains steadfast in its mission to uphold the integrity of the Federal Crop Insurance Program while ensuring the protection of taxpayer dollars. Through a comprehensive approach that combines advanced data analytics, the identification of key risk indicators, and strategic targeting of compliance resources, RMA continues to effectively mitigate program risk. These efforts empower RMA to detect patterns of practice, identify program vulnerabilities, and uncover anomalies that may indicate potential fraud, waste, or abuse. Leveraging investigative expertise and rigorous analytical review, RMA is able to take informed action, leading to impactful outcomes. Efforts to continually refine our oversight tools and strategies ensure the continued delivery of a fundamentally sound program. In Fiscal Year 2025, RMA reached a defining milestone with the successful completion of the Compliance Data Warehouse (CDW) migration into AgCloud within USDA. This achievement not only concludes a multi-year journey but also positions RMA with a modern, cloud-based analytics environment built for innovation to support crop insurance and compliance efforts. With Tableau, Hyper Dynamic Reporting Application (HyDRA), Environmental Systems Research Institute (ESRI), and other advanced tools at our disposal, the team is now equipped to deliver smarter reporting, self-service analytics, sharper insights and geospatial analysis on a whole new level. The role of Compliance has been instrumental in driving meaningful policy changes and imposing administrative and criminal penalties where warranted. This was demonstrated by policies reviews that resulted in $29 million in premium and liability adjustments, and $13.9 million in restitution.

The Federal Crop Insurance Corporation/Risk Management Agency's (FCIC/RMA) consolidated financial statements report the financial position for the 2025 fiscal year, net costs of operation, changes in net position, and status of budgetary resources. Financial management performance measures also accompany the financial results. These performance measures include the annual results and the strategic targets.

The FCIC/RMA received an unmodified opinion on the consolidated financial statements. It was determined that the agency's financial statements present fairly FCIC/RMA's financial position as of September 30, 2025 in all material respects and were prepared in accordance with accounting principles generally accepted in the United States of

America. This includes the agency’s net costs, changes in net position, and statements of budgetary resources and related notes to the financial statements.

Consideration of FCIC/RMA’s internal control over financial reporting identified no material weakness in FCIC/RMA’s controls. Consideration of compliance with laws and regulations noted no instances of noncompliance.

Thank you for your interest in RMA and FCIC. I commend the employees of the Risk Management Agency for their outstanding work and am proud to share this information with our stakeholders.

Patricia Swanson

Patricia Swanson
Administrator
Risk Management Agency

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SECTION 1: MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

MISSION

Risk Management Agency's (RMAs) mission is serving America's agricultural producers through effective, market-based risk management tools to strengthen the economic stability of agricultural producers and rural communities. To carry out this mission, RMA operates and manages the Federal Crop Insurance Corporation (FCIC), a Government Corporation under the Government Corporation Control Act (GCCA; 59 Stat. 841; 31 U.S.C. 9101-9110).

FCIC provides crop insurance and risk management strategies to American producers. Private sector insurance providers, approved by FCIC, sell and service the policies. RMA develops and/or approves premium rates, administers the premium and expense subsidies, approves and supports products, and reinsures the Approved Insurance Providers (AIPs). In addition, RMA sponsors educational programs and seminars on risk management.

History & Enabling Legislation

FCIC is a wholly owned government corporation established February 16, 1938, by the Federal Crop Insurance Act (7 U.S.C. 1501) and amended by the following:

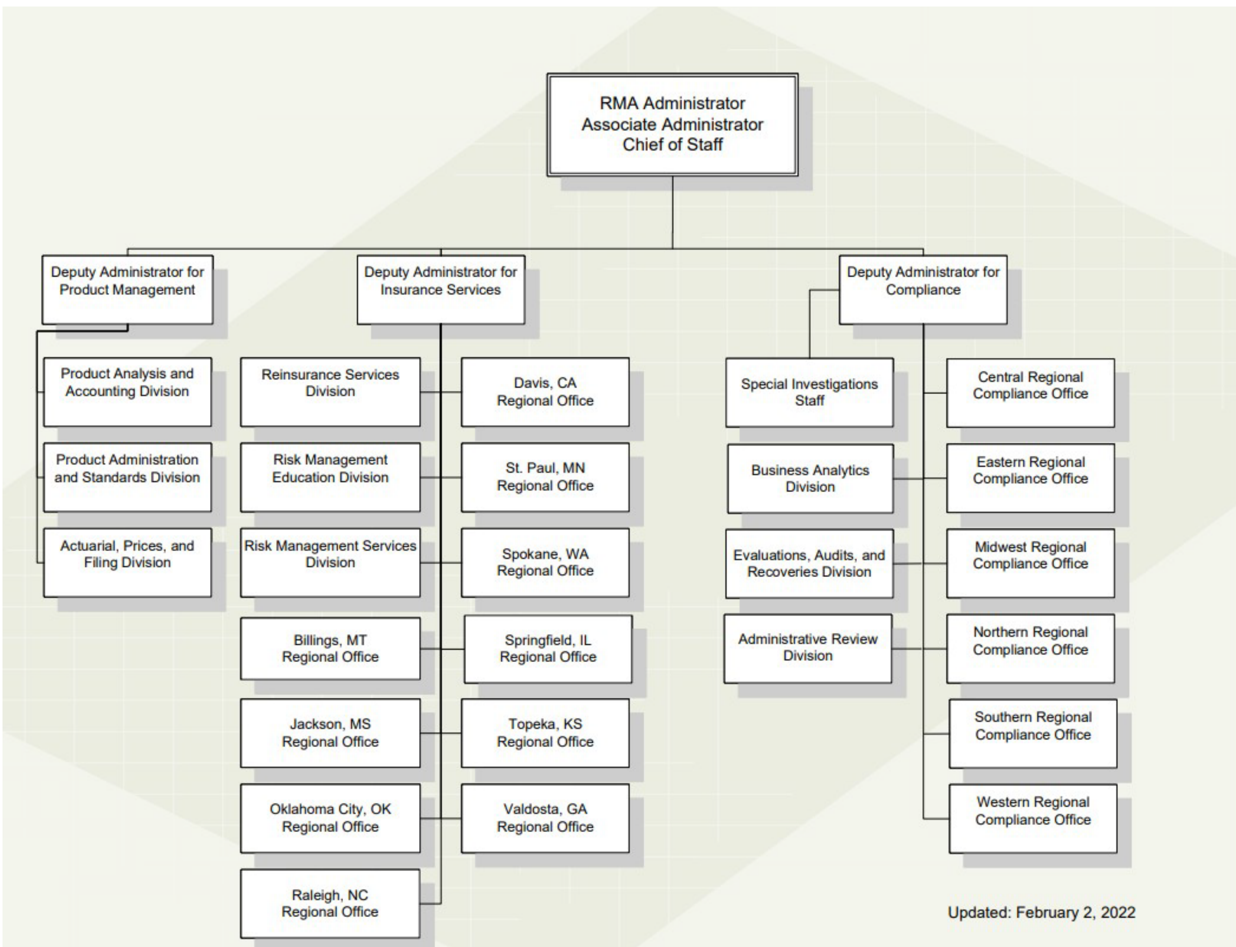
- Federal Crop Insurance Act of 1980
- Federal Crop Insurance Reform and Department of Agriculture Reauthorization Act of 1994
- Federal Agriculture Improvement and Reform Act of 1996 (established RMA)
- Agriculture Research, Extension & Education Reform Act of 1998
- Agriculture, Rural Development, Food & Drug Administration, & Related Agencies Appropriations Act of 1999
- Agriculture Risk Protection Act of 2000
- Food, Conservation, and Energy Act of 2008
- Agricultural Act of 2014
- Agriculture Improvement Act of 2018
- Bipartisan Budget Act of 2018
- Additional Supplemental Appropriations for Disaster Relief Act, 2019
- Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2022
- Consolidated Appropriations Act, 2024 (CAA; Pub. L. 116-260)
- One Big Beautiful Bill Act, 2025

The Federal Crop Insurance Act, as amended, is hereafter referred to as the Act.

ORGANIZATIONAL STRUCTURE

RMA employs approximately 413 people in offices around the country. Pat Swanson is the RMA Administrator. The Agency has three divisions: Insurance Services, Product Management, and Compliance. Insurance Services is responsible for program delivery (for example managing contracts with the companies that sell and service policies), and local program administration and support. Product Management is responsible for overseeing product development and program operations. Compliance monitors program integrity and adherence to program provisions by both producers and private insurance companies that participate in the program.

ORGANIZATIONAL CHART

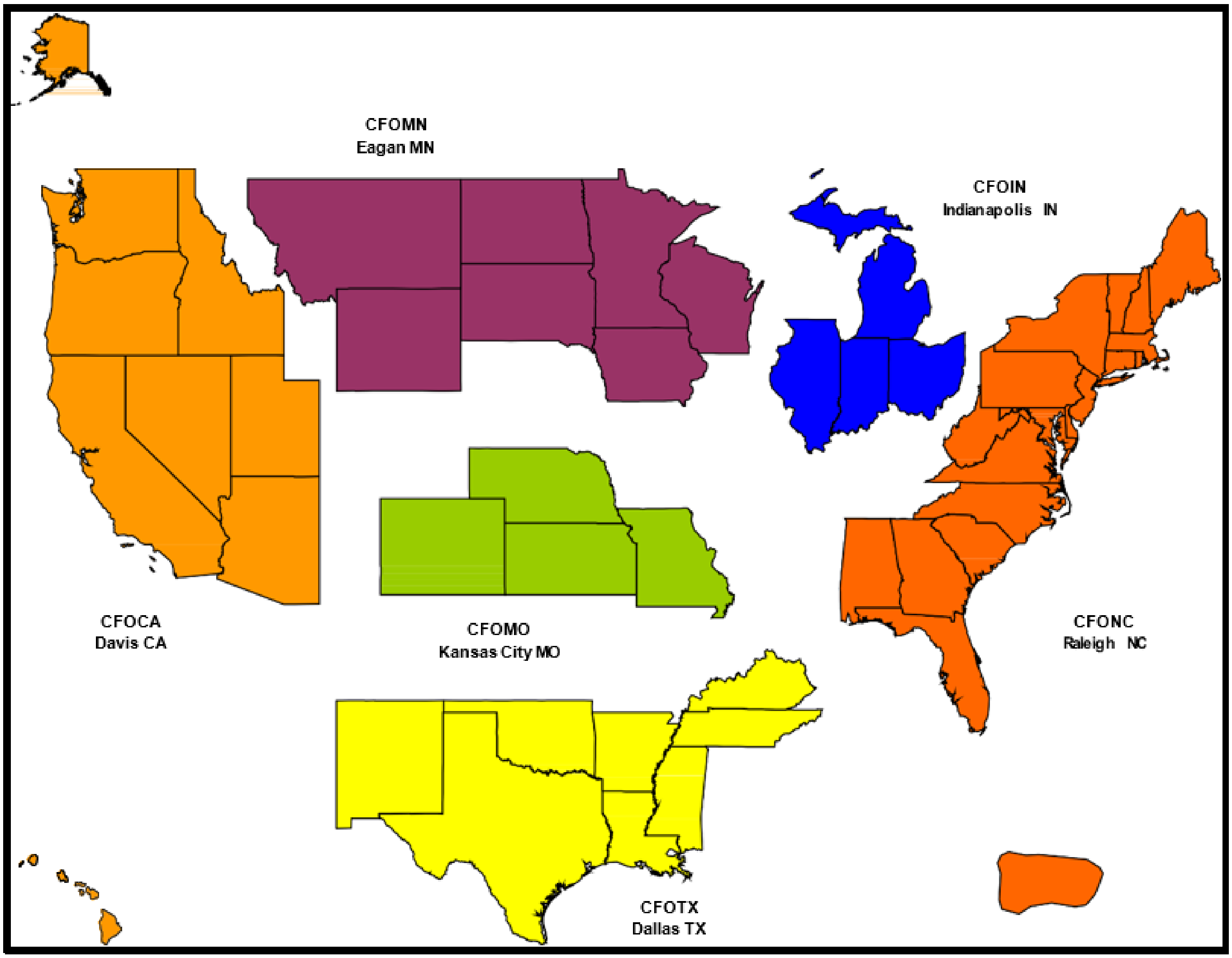


RMA Office Locations

RMA is headquartered in Washington, DC. There is a National Operations office located in Kansas City, MO. In addition, there are six Compliance offices, and ten Insurance Services Regional offices located throughout the country, as shown in the table below.

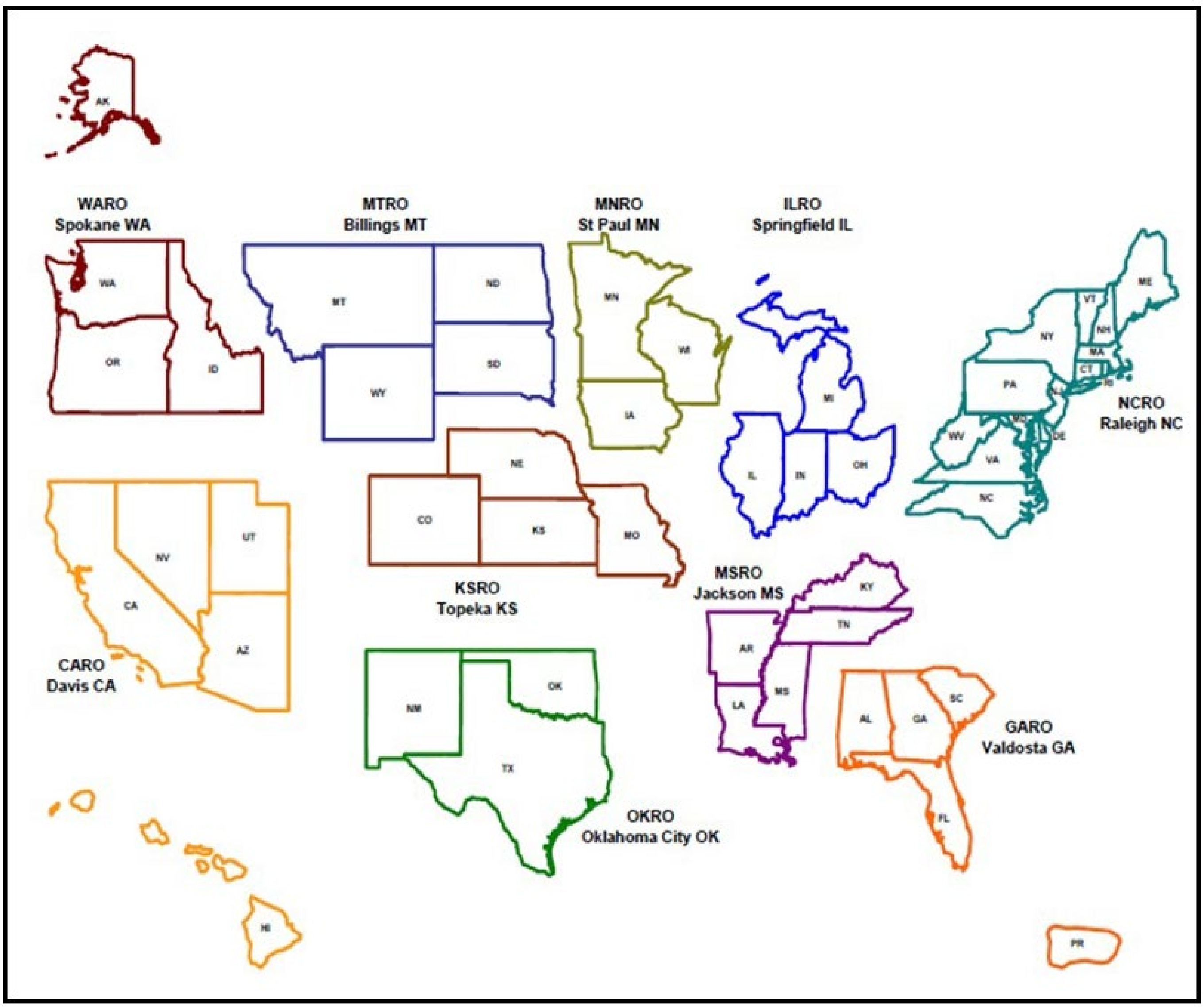
Regional Compliance Offices' locations

- Raleigh, NC
- Davis, CA
- Eagan, MN
- Indianapolis, IN
- Kansas City, MO
- Dallas, TX



Insurance Services Regional Office locations

- Raleigh, NC
- Davis, CA
- St. Paul, MN
- Springfield, IL
- Topeka, KS
- Billings, MT
- Jackson, MS
- Oklahoma City, OK
- Spokane, WA
- Valdosta, GA



Board Members

Program Administration

The Board of Directors is the decision-making body for FCIC. FCIC Board of Directors is subject to the general supervision of the Secretary of Agriculture (Secretary). The Board includes three members from the United States Department of Agriculture (USDA). They are the USDA Chief Economist (Chairman); the USDA Under Secretary for Farm Production and Conservation; and the Risk Management Agency Administrator (non-voting) who serves as the Manager. In addition, there are four producers who are policyholders, one of whom grows specialty crops; one is involved in the insurance industry; and another is knowledgeable about reinsurance and regulation.

Office of the Administrator

The Office of the Administrator provides overall leadership and management for the agency. The Office of the Administrator promotes the agency's mission to serve America's agricultural producers through effective, market-based risk management tools to strengthen the economic stability of agricultural producers and rural communities.

Product Management

Product Management designs, develops, tests, reviews, implements and maintains the risk management strategies, programs, policies, regulations, actuarial and underwriting methodologies, and business requirements and analysis needed to ensure that federally administered crop and livestock insurance products are actuarially sound and provide an effective financial safety net for America's farmers and ranchers. Product Management is also responsible for the financial oversight of AIPs as well as processing the program receipts and expenditures to include AIP reimbursement and daily escrow funding.

Insurance Services

Insurance Services provides financial security to the agricultural community by providing effective, real-time risk management solutions and an understanding of RMA programs which have been tailored to meet the needs of producers at a local level. Specifically, Insurance Services conducts program reviews, program maintenance, program evaluation, underwriting activities (rates, coverage levels, yields), stakeholder outreach, and performance oversight through headquarters staff and ten Regional Offices located across the United States.

Compliance

Compliance safeguards the integrity of the Federal Crop Insurance Program through a series of reviews, evaluations, and audits of the crop insurance program. Compliance also conducts operational reviews of AIPs. Compliance is also responsible for oversight of the data-mining processes used to monitor program compliance. Compliance assists in the prosecution of criminal, civil, and administrative actions and refers cases of fraud to the Office of Inspector General as required.

PROGRAMS

FCIC enters into reinsurance agreements with AIPs to market and service policies. The conditions of reinsurance are defined in the Standard Reinsurance Agreements (SRA) or the Livestock Price Reinsurance Agreement (LPRA). Under these agreements, they agree to deliver insurance products to eligible entities under certain terms and conditions.

AIPs are responsible for customer service and guarantee premium payment to FCIC. FCIC reinsures the policies and provides an administrative and operating (A&O) expense reimbursement to AIPs for delivery of insurance products.

FCIC provides a subsidy for producers' premiums and funds indemnity payments to producers through escrow accounts. FCIC and AIPs share in underwriting gains or losses.

Insurance Plans and Types

Revenue Policies

Revenue based products protect the producers against loss of revenue due to price fluctuations and yield loss due to natural causes such as drought, excessive moisture, hail, wind, frost, insects, and disease. Types of policies included are:

- Actual Revenue History
- Pecan Revenue Assurance
- Revenue Protection
- Revenue Protection with Harvest Price Exclusion
- Revenue Protection (Livestock)
- Revenue Protection with Harvest Price Exclusion (Livestock)

Actual Production History & Yield Protection Policies

Actual Production History and Yield Protection Policies insure producers against yield losses due to natural causes such as drought, excessive moisture, hail, wind, frost, insects, and disease. If the harvested crop plus any appraised production is less than the yield insured, the producer is paid an indemnity based on the difference. Types of policies included are:

- Actual Production History
- Yield Protection
- Actual Production History- Price Component

Livestock Policies

Livestock policies are designed to insure against declining market prices or declining margins. Coverage is determined using futures and options prices from commodity exchange markets. Types of policies included are:

- Dairy Revenue Protection
- Livestock Risk Protection
- Livestock Gross Margin

Area Policies

Policies in this category are based on the experience of the county rather than individual farms, and these policies use: (1) Estimated county yields for insured crops as determined by National Agricultural Statistics Service (NASS); (2) Weather data collected and maintained by the National Oceanic and Atmospheric Administration's Climate Prediction Center (NOAA); or (3) Weather data collected by the U.S. Geological Survey's Earth Resources Observation and Science (EROS). Types of policies included are:

- Area Yield Protection
- Area Revenue Protection
- Area Revenue Protection – Harvest Price Exclusion
- Rainfall Index
- Stacked Income Protection – Revenue Protection
- Stacked Income Protection – Revenue Protection with Harvest Price Exclusion

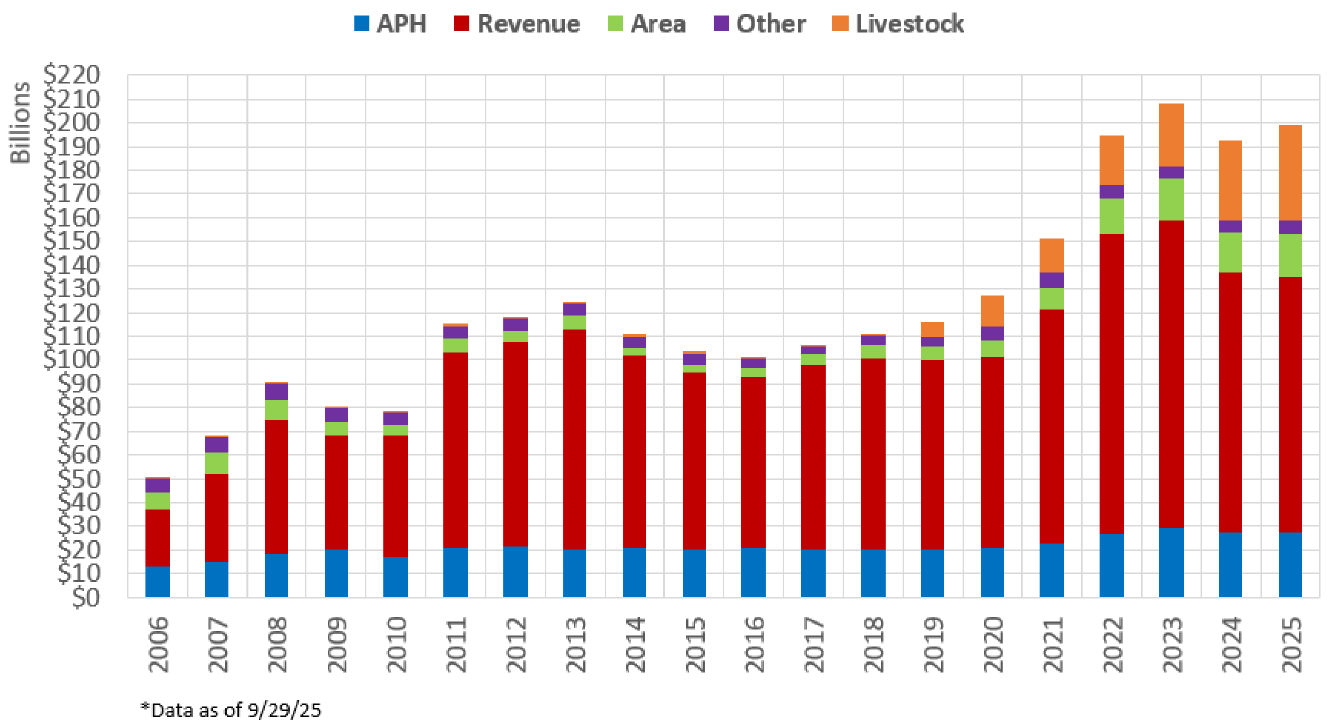
Other Policies

Policies that do not fall under other groups listed above are combined in this group. Examples of policies in this category are dollar amount products based on the cost of growing a crop or policies based on the producer's historical gross revenue to determine loss. Types of policies included are:

- Whole-Farm/Micro Farm Revenue Protection
- Aquaculture Dollar Amount of Insurance
- Dollar Amount of Insurance
- Fixed Dollar Amount of Insurance
- Tree Based Dollar Amount of Insurance
- Yield Based Dollar Amount of Insurance
- Margin Protection
- Margin Protection with Harvest Price Option
- Production Revenue History

For more information on insurance plans visit: Insurance Plans

The chart below shows the 20-year trend in Insurance-in-Force plan liability by types of insurance for the commodity crop years.



REIMBURSEMENT RATES

FCIC receives an appropriation to reimburse AIPs for their A&O expenses. Reimbursement rates are a percentage of premium. The current SRA contains a cap which is indexed for inflation for specific insurance plans and coverage levels. The 2025 reimbursement amount is $2.3 billion. Reimbursement rates are the same for 2025 and 2024 reinsurance years. The table below lists selected reimbursement rates under the current SRA:

Insurance Plans	Reimbursement Rates (depending on coverage level)
Area Revenue Protection	12.0%
Rainfall Index	20.1%
Revenue Protection	18.5%
Yield Protection	21.9%
Catastrophic Coverage	6.0%

UNDERWRITING GAIN/LOSS

In addition to reimbursement of A&O expenses, FCIC and AIPs enter into agreements on sharing gains and losses. Under these agreements, FCIC assumes a portion of the loss risk on Federal crop insurance policies. The agreements are adjusted annually as part of the AIPs' plan of operations. A plan of operations is submitted to RMA and approved prior to the beginning of the reinsurance year. In the plan of operations, AIPs elect methodologies to share risk with FCIC. The plan of operations becomes an appendix to the SRA for each reinsurance year (July 1 through June 30).

SPECIALTY CROPS

Under the Act, FCIC reports to Congress on the progress and expected timetable for expanding crop insurance coverage to new and specialty crops. The Specialty Crop reports serve as a useful way to obtain a quick overview of the processes and timelines RMA follows to make new and specialty crop insurance products available to producers. The latest reports are available at Specialty Crops.

PILOT PROGRAMS

The Act defines the process by which RMA develops and maintains pilot programs and allows privately developed products to be submitted to FCIC under section 508(h). Private submitters may submit a Concept Proposal for FCIC Board approval. A portion of expected research and development funds may be advanced to create new insurance products. Private submitters may also develop new policies at their own expense and submit these products to FCIC.

For FCIC Board approved products, the private submitters may request reimbursement for research and development from FCIC.

EMERGENCY RELIEF & NATURAL DISASTERS

RMA took numerous actions to provide relief in the face of the pandemic and extreme weather events during the past few years to ensure crop insurance continued to provide a farm safety net.

- **Extended Crop Insurance Deadlines -** Gave AIPs additional time to submit written agreement requests. Allow policyholders to provide information over the phone.
- **Production Reporting Date -** Allowed AIPs to accept production reports through the earlier acreage reporting date or 30 days after the production reporting date. Also allowed additional time to accept Regional Office Yield requests.
- **Self-Certification Replant Inspections & Assignment of Indemnity Witness Waiver -** Allowed self-certification replant inspections for up to 100 gross acres. Waived the witness signature requirement for Assignments.
- **Perennials and Specialty Crops** - Allowed additional time and flexibility for completing inspections for certain perennial and specialty crops. Also allowed written agreement offers to be signed after expiration date.
- **Dumped Milk on Dairy Revenue Protection (DRP) and Livestock Gross Margin (LGM) Dairy** - Authorized AIPs to count dumped milk towards the milk marketing's (DRP) or actual marketing's (LGM). Removed testing requirements for dumped milk under the DRP component pricing option.
- **Certification of Organic Grower Plans** - Allowed policyholders to certify they have requested their organic plan/certificate by the acreage reporting date to meet policy requirement. Organic plan/certificate existence will be verified prior to paying a claim.
- **Extended Acreage Reporting Deadlines** – Extended reconciliation time by 30 days allowing producers to reconcile differences between Report of Acreage Form FSA-578s and crop insurance acreage reports for a full 60 days after the deadline. Further, RMA waived full acreage appraisal requirements for added acreage due to these reconciliations to ease burdens on AIP's and producers.

RMA CLIMATE ADAPTATION PLAN

With ongoing concerns about climate change risks, RMA has established a strategy of adapting its programs along with the innovation of American farmers and ranchers to confront the effects of climate change as it occurs. RMA has implemented a series of actions that promote climate-smart agricultural practices.

Information regarding RMA's Climate Adaptation Plan and progress report is available at New Climate Adaptation Plan 2024-2027.

PUBLISHED REGULATIONS

RMA periodically updates its regulations by publishing proposed and final rules in the Federal Register. RMA seeks public comment on proposed revisions. Revisions made to regulations improve risk management products available for producers and/or clarify such regulations. During fiscal year 2025, RMA published 2 final rules with request for comments, 3 final rules, 1 correcting amendment, and 2 requests for information notices. Published regulations can be found on the Federal Register's website at Federal Register.

PERFORMANCE GOALS OF RMA

In 2022, USDA published its Strategic Plan as an agency-wide USDA Strategic Plan. The following section refers to the USDA Strategic Plan sections (Goals and Objectives) that apply to RMA and the FCIC Program. The Strategic Plan has seven goals with accompanying strategies and performance measures. Strategic Goal 3 and Objective 3.1 refer directly to the FCIC program.

Strategic Goal 3: Foster an Equitable and Competitive Marketplace for All Agricultural Producers.

Objective 3.1: Foster Sustainable Economic Growth by Promoting Innovation, Building Resilience to Climate Change, and Expanding Renewable Energy.

A strong and prosperous agricultural sector is essential to the well-being of the U.S. economy. America's farmers and ranchers ensure a reliable food supply, support job growth, and promote economic development. To maintain a competitive and innovative agricultural sector, RMA will support farmers and ranchers' ability to start and maintain profitable businesses as well as offer financial support to producers affected by natural disasters. The crop insurance program is a unique program that represents a public-private partnership. This partnership, and the private delivery system, is often scrutinized by our numerous oversight bodies. RMA's improper payment rate provides assurance that the program is well run and that the program focuses on integrity and safeguarding the use of taxpayers' dollars.

RMA is committed to providing an effective safety net to agricultural producers covering over $198 billion in total insurance in-force on more than 563 million acres for crop year 2025. The producers provide food and fiber to more than 342 million Americans and millions more around the globe. RMA works to strengthen the economic viability of the agricultural sector by providing eligible producers with risk management tools. FCIC programs help farmers and ranchers manage financial risks associated with commodity price fluctuations and recover from unpredictable weather events.

Federal crop insurance keeps many of our Nation's agricultural producers in business when adverse weather, pests, or low commodity prices cause financial hardships.

Risks to these programs include ensuring the actuarial soundness of insurance policies (particularly after high loss years), improper payments, and maintaining the reputation of Federal crop insurance as the primary Federal financial safety net provided to farmers and ranchers. Other risks include changing market conditions (such as periods of steep price declines) and widespread or prolonged natural disasters.
RMA manages these and other risks through ongoing reviews of actuarial data, analyzing weather and climate information, data mining for anomalies, and overseeing the private sector insurance companies who sell and service the insurance policies to farmers to ensure that they meet financial and operational standards required to participate in the program. In addition to our obligation to America's farmers and ranchers, RMA has an obligation to the American taxpayers. As crop insurance has grown in importance, the amount of taxpayer expenditures has grown as well. RMA will ensure that taxpayer funds are spent wisely, and that the integrity of the program is protected. As an agency, we will build upon the advancements we have made in integrity initiatives to go to the next level.

STRATEGIES

RMA's first goal to increase the availability and effectiveness of the program is achieved by:

- Ensuring American agricultural producers are better protected against the inherent risks of weather and price fluctuations
- Enhancing rural communities' income through indemnity payments to local producers who suffer insured losses and
- Ensuring American taxpayers' confidence in an actuarially sound insurance program

RMA's performance measure under this goal, as shown in the following table, is the annual normalized value of risk protection provided to agricultural producers through the Federal crop insurance program. By "normalizing" or adjusting the actual value of risk by parameters that smooth out the volatility of crop prices, the value of risk protection provided to producers through the years is shown.

(in billions)	Baseline 2018	2024 Actual	2025 Actual	2026 Target
Annual normalized value of risk protection	$ 76.8	$101.7	$106.8	$ 81.4

RMA's second goal is ensuring program integrity thereby safeguarding American taxpayer dollars.
RMA's performance measure under this goal, as shown in the following table, is the annual improper payment rate of the Federal Crop Insurance Program. RMA's improper payment rate considers all categories of payments (premium subsidy, Administrative and Operating (A&O) expense, and indemnities) and separates them by AIP into three payment tiers (high, medium, low).

Each year statistically valid samples are pulled and reviewed. The results are used to calculate the program's improper payment rate.

	Baseline	2024 Actual	2025 Actual	2026 Target
Annual improper payment rate	3.00%	2.43%	3.29%	3.00%

Crop and Insurance Statistics

Three intervals are referred to in this financial report. The financial statements are for fiscal years, which run from October 1 to September 30. Crop year refers to the year in which a crop is harvested. Reinsurance year is based on the yearly reinsurance agreements with AIPs and runs from July 1 to June 30. Statistics are maintained for policies, farmer-paid premium, premium subsidy, total premium, indemnities, loss ratio, and insurance protection on a crop year basis. General ledger transactions include reinsurance year attributes. Multiple reinsurance years are active each fiscal year.

Federal Crop Insurance Program statistics for standard reinsurance and livestock products are shown below. The indemnities and loss ratios for 2025 are estimated as they are not known at the time the financial statements are prepared.

Program Information Comparison	Crop Year 2025 Estimated (millions)	Crop Year 2024 (millions)
Number of Policies	1.35	1.24
Farmer Paid Premium	$ 7,487	$ 6,879
Premium Subsidies	11,250	10,428
Total Premium	18,737	17,308
Indemnities	13,716	15,685
Loss Ratio	73%	91%
Insurance In-Force	$ 198,944	$ 192,381

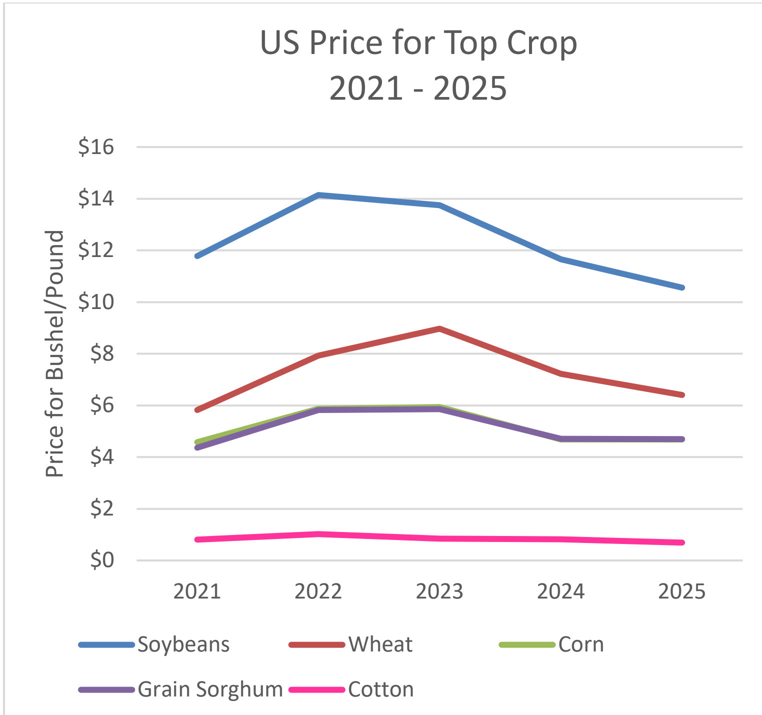
FCIC insures 136 types of commodities under the Standard and Livestock Reinsurance Agreements for crop year 2025. The top commodities by volume are listed below, with the remaining commodities (pasture, rangeland, forage; apples; almonds; potatoes; beans, milk, etc.) grouped together as All Other.

The chart below illustrates premiums on the top five commodities representing 64% of total premium in crop year 2025 and 66% of total premium in crop year 2024.

Crop	Crop Year 2025* (millions)	Crop Year 2024 (millions)
Corn	$ 6,317	$ 5,158
Soybean	2,818	2,981
Wheat	1,387	1,508
Cotton	1,112	1,427
Sorghum	290	267
All Other	6,626	5,967
Total	$ 18,550	$ 17,308

As noted on the chart above, total premiums have increased from 2024 to 2025 at acreage reporting dates. A higher commodities market in crop year 2025 led to increased projected prices for most areas, and a resulting increase overall in 2025 premiums and subsidy.

Below are the RMA's projected price data for top crops as of acreage reporting dates. The projected prices are different than the final harvest price which is used to calculate indemnities.



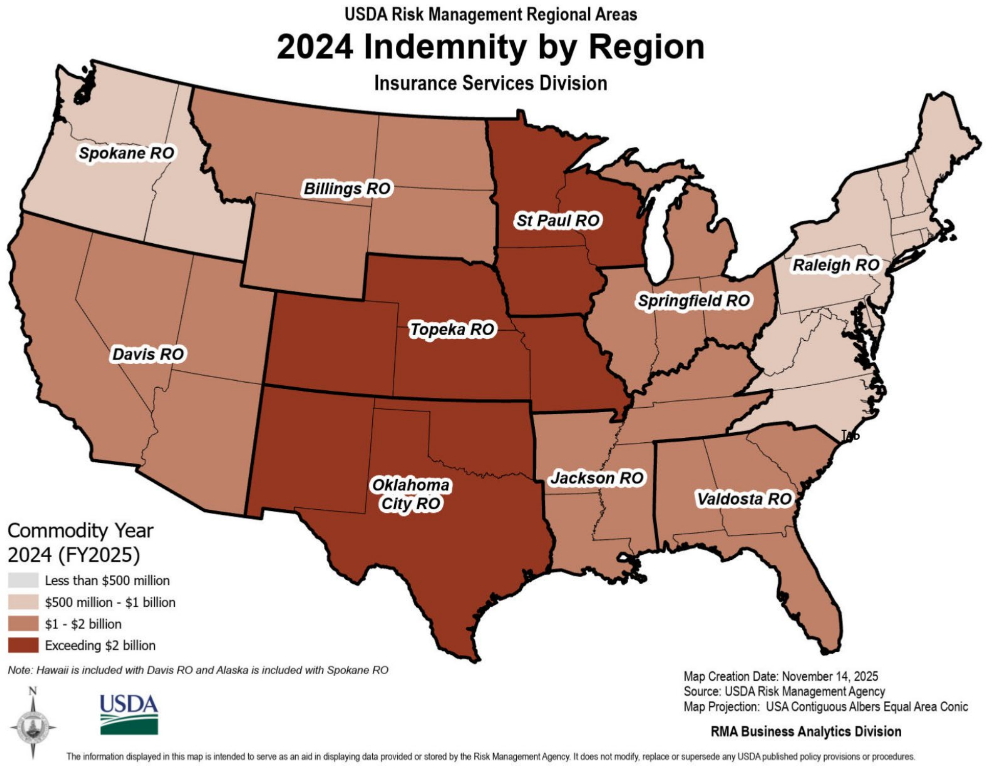
	2021	2022	2023	2024	2025
Soybeans	11.78	14.14	13.75	11.66	10.56
Wheat	5.82	7.93	8.97	7.22	6.40
Corn	4.58	5.87	5.94	4.68	4.68
Grain Sorghum	4.36	5.82	5.86	4.71	4.70
Cotton	0.81	1.02	0.84	0.82	0.69

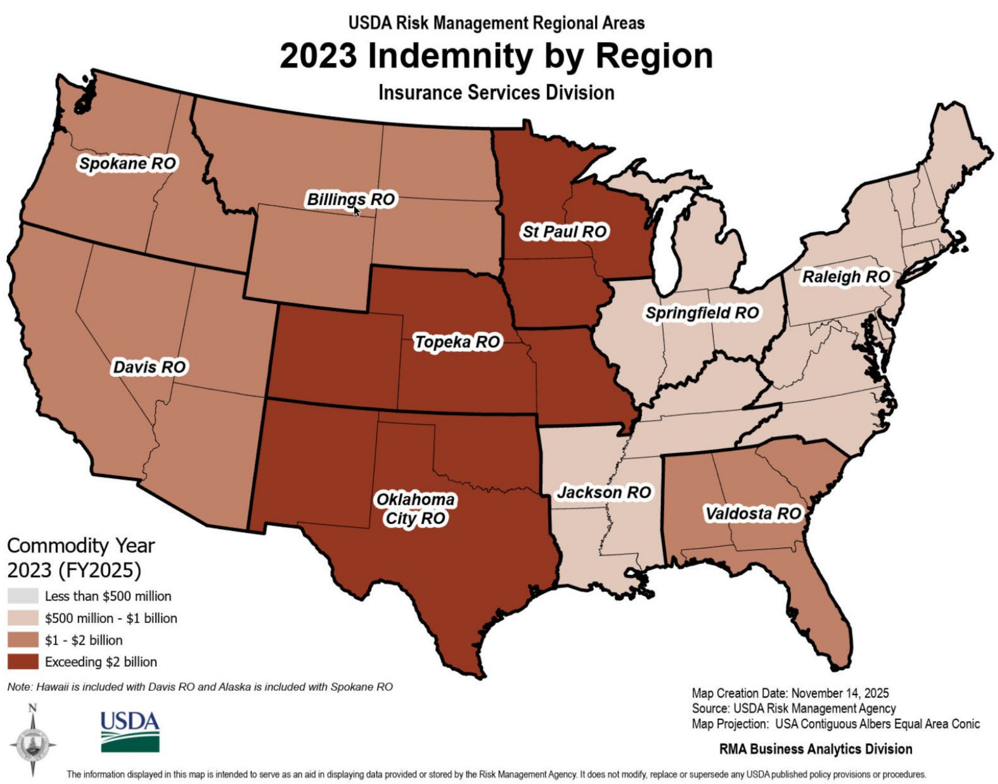
Losses (2024 and 2023 Cause of Loss, Indemnity by Region)

FCIC/RMA issues the annual financial report based on a fiscal year ending September 30. The growing season for the crops that constitute most of FCIC's book of business does not end until October or November. As a result, most losses for a given crop year are paid out in the following fiscal year.

In crop year 2024, the overall loss ratio for standard reinsurance agreements was 0.94 compared to a loss ratio of 0.96 in crop year 2023. In both 2024 and 2023 the top factor for loss was drought.

The following maps show the indemnities reported by region for crop year 2024 and 2023 (primarily paid in fiscal years 2025 and 2024, respectively).


USDA Risk Management Regional Areas
2024 Indemnity by Region
Insurance Services Division
Spokane RO
Billings RO
St Paul RO
Raleigh RO
Springfield RO
Topeka RO
Davis RO
Oklahoma City RO
Jackson RO
Valdosta RO
Commodity Year 2024 (FY2025)
Less than $500 million
$500 million - $1 billion
$1 - $2 billion
Exceeding $2 billion
Note: Hawaii is included with Davis RO and Alaska is included with Spokane RO
Map Creation Date: November 14, 2025
Source: USDA Risk Management Agency
Map Projection: USA Contiguous Albers Equal Area Conic
RMA Business Analytics Division
The information displayed in this map is intended to serve as an aid in displaying data provided or stored by the Risk Management Agency. It does not modify, replace or supersede any USDA published policy provisions or procedures.


USDA Risk Management Regional Areas
2023 Indemnity by Region
Insurance Services Division
Spokane RO
Billings RO
St Paul RO
Raleigh RO
Springfield RO
Topeka RO
Davis RO
Oklahoma City RO
Jackson RO
Valdosta RO
Commodity Year 2023 (FY2025)
Less than $500 million
$500 million - $1 billion
$1 - $2 billion
Exceeding $2 billion
Note: Hawaii is included with Davis RO and Alaska is included with Spokane RO
Map Creation Date: November 14, 2025
Source: USDA Risk Management Agency
Map Projection: USA Contiguous Albers Equal Area Conic
RMA Business Analytics Division
The information displayed in this map is intended to serve as an aid in displaying data provided or stored by the Risk Management Agency. It does not modify, replace or supersede any USDA published policy provisions or procedures.

FINANCIAL STATEMENTS HIGHLIGHTS AND ANALYSIS

Funding

RMA maintains four separate funds: The Insurance Fund, Salaries and Expenses (S&E) Fund, Disaster Relief Fund, and the Pandemic Cover Crop / American Relief Act Fund. The consolidated financial statements present all four funds. The Insurance Fund is used to pay for the crop and livestock insurance programs. The funding for the Insurance Fund is mandatory funding with "such sums as necessary" to carry out the program. The S&E Fund is used to pay RMA's salaries and administrative expenses. The funding for the S&E Fund is an annual appropriation set by Congress. The Disaster Relief Fund, established in fiscal year 2019, provides funding for expenses related to recent natural disasters that prevented crops from being planted in 2019. The Pandemic Cover Crop Program Fund established in fiscal year 2021, provided premium support to producers who insured their spring crop with most insurance policies and planted a qualifying cover crop during the 2021 and 2022 crop year. In FY 2023 all remaining unobligated funding was returned. In Fiscal Year 2025, The American Relief Act appropriated an additional $30 million for disaster recovery assistance to farmers in this fund.

Assets

The following table summarizes FCIC/RMA Assets.

Fiscal Year 2025 Assets (millions)	
Fund Balance with Treasury	$ 5,013
Accounts Receivable, Net	1,969
Cash and Other Monetary Assets	200
Property, Plant and Equipment, Net	19
Advances and Prepayments	3

FCIC/RMA assets are predominately from Fund Balance with Treasury (FBWT) and Accounts Receivable. The balance in FBWT is mainly from appropriation warrants for the Insurance (FCIC) and Salary and Expense Funds, and the Accounts Receivable balance is predominately from fee and producer premium collections expected.

Liabilities

FCIC/RMA liabilities are predominately the result of Insurance and Guarantee Program Liabilities. These liabilities are from the year-end insurance actuarial estimation process and insurance underwriting gain, which are amounts owed to participating approved insurance providers. The following table summarizes FCIC/RMA liabilities.

Fiscal Year 2025 Liabilities (millions)	
Insurance and Guarantee Program Liabilities	$ 16,524
Accounts Payable	2,347
Federal Employee Salary, Leave, and Benefits Payable	8
Other	5
Post Employment Benefits Payable	2

Estimated Losses on Insurance Claims

The Estimated Losses on Insurance Claims, part of the Insurance and Guarantee Program Liabilities, make up most of the liabilities. Estimated losses are calculated based on Statement of Federal Financial Accounting Standards (SFFAS) 51, *Insurance Programs.* The Liability for Unpaid Insurance Claims and Liability for Losses on Remaining Coverage make up the Estimated Losses on Insurance Claims.
The claims Incurred but Not Reported (IBNR), the claims reported and not paid, and changes in Cash Held Outside of Treasury (CHOT) make up the Liability for Unpaid Insurance Claims. The Liability for Losses on Remaining Coverage as of the end of the reporting period represents the estimated amounts to be paid to settle claims for the remaining open arrangement period, exceeding losses associated with the related unearned premiums as of the end of the reporting period.

Estimating Losses

FCIC establishes premiums to attain an expected long-term loss ratio of 1.0. The premium cost for policies is determined by evaluating loss experience in the program by county, crop, and pricing to equal projected losses over the long term. Losses are divided into premiums to arrive at a loss ratio. A loss ratio of less than 1.0 means there are less losses than premium. Premium includes producer paid premium and premium subsidy. A loss ratio greater than 1.0 means the losses are greater than premium. For the Federal Crop Insurance Program, loss ratios are measured periodically in relation to reinsurance year which runs from July 1 through June 30. The eventual total loss ratio depends on many variables including weather patterns and commodity prices. A projection of total indemnities is made at the end of each fiscal year based on current conditions. Total indemnities include certain estimates related to the insurance programs and therefore will not be known until several months after the end of the fiscal year.

Uncertainty in Estimating Losses

Estimated losses are calculated as of September 30, 2025. RMA's process for projecting losses is based on the September NASS report which was released on September 12.

There are a variety of additional risk factors that expose FCIC's liability estimates to uncertainty. The growing season for crops that constitute most of FCIC's book of business does not end until October or November.

As of September 30, most crop insurance claims that will eventually be attributed to the current reinsurance year have not yet been submitted.
A projection of total indemnities is made at the end of each fiscal year based on current conditions. Late season weather conditions and price changes in commodities can significantly impact actual losses. When actual losses are realized, upward or downward adjustments are made and reflected in financial statements of subsequent years.

The table below shows that most losses for a given reinsurance year are realized in future fiscal years. For example, most losses attributed to reinsurance year 2024 were reported and paid in fiscal year 2025.

Reinsurance Year	2025 (est.) (millions)	2024 (est.) (millions)
Losses Claimed and Reported in Current Fiscal Year	$ 3,297	$ 3,107
Losses Paid in Subsequent Fiscal Years	12,715	12,042
Total Losses	$ 16,012	$ 15,149

Although FCIC uses an actuarial model to project overall losses, the model is subject to a high level of uncertainty. The difference between the actual and estimated loss ratio has exceeded 10 points in 7 of the last 10 years. During the same time-period, the difference between the actual and estimated loss ratio has exceeded 20 points 30% of the time (3 out of 10 years). The relatively high variance of this estimate reflects the large degree of uncertainty inherent in predicting losses before the end of the reinsurance year. Actual loss ratios in the last 10 years have varied from a low of 42% to a high of 105%. The average actual loss ratio for the past ten years was 79%.

The following table is updated as of the end of September 2025 and summarizes premiums and losses by crop year for policies under the Standard Reinsurance Agreement.

Summary of Premium and Losses by Crop Year					
Actual (in Millions)			Loss Ratio (Percentage)		
Crop Year	**Premiums ($)**	**Losses ($)**	**Actual**	**Projected**	**Difference**
2012	11,117	17,451	157%	185%	28%
2013	11,808	12,085	102%	76%	-26%
2014	10,073	9,136	91%	74%	-17%
2015	9,769	6,316	65%	84%	19%
2016	9,329	3,913	42%	66%	24%
2017	10,090	5,445	54%	99%	45%
2018	9,909	7,338	74%	85%	11%
2019	10,230	10,688	104%	91%	-13%
2020	10,369	9,194	89%	81%	-8%
2021	13,720	9,598	70%	95%	25%
2022	18,398	19,253	105%	101%	-4%
2023	18,110	17,451	96%	92%	-4%
2024	15,886	14,909	94%	75%	-19%
2025 Est.	17,030	12,715		75%	

Underwriting Gain

Underwriting gain is the AIP portion of earnings on the insurance book of business. A periodic settlement, as stipulated in the SRA, is calculated where the results of business written by AIPs are determined and an experience-rated gain or loss on business ceded from AIPs is computed. The timing of payment to AIPs for reinsurance gains is stipulated by the SRA. Payments to AIPs for net gain are disbursed in the second fiscal year following the reinsurance year.

Accounts Payable

Accounts Payable includes amounts due to AIPs for reimbursement of administrative and operating expenses associated with the delivery of the FCIC standard reinsurance policies. The program's administrative and operating reimbursement for the standard reinsurance policies has averaged $1.62 billion over the past 10 years. There is a cap stipulated in the SRA that limits administrative and operating reimbursement on most policies.

ANALYSIS OF STATEMENT OF NET COST

The following table presents the results of net cost of operations for fiscal year 2025. The main drivers for Net Costs are indemnity expenses and premium revenue, both dictated by crop prices and insurance participation.

Fiscal Year 2025 Gross Program Costs (millions)	
Indemnities	$ 17,154
Program Delivery Costs	2,840
Other Program Costs	123

Fiscal Year 2025 Earned Revenue (millions)	
Premium Revenue	$ 7,558
Net (Gain)/Loss on Business Ceded from AIPs	(2,413)
Other Revenue	68

ANALYSIS OF STATEMENT OF BUDGETARY RESOURCES

The following table presents the components of the Statement of Budgetary Resources for each fiscal year. The budgetary resources are comprised of apportionments, collections from the public, less excess funds returned to Treasury. The balance of New Obligations and Outlays are largely made up of indemnity insurance claims.

Fiscal Year 2025 Statement of Budgetary Resources (millions)	
Budgetary Resources	$ 21,831
New Obligations	21,222
Net Outlays	13,927

SYSTEMS CONTROLS AND LEGAL COMPLIANCE

MANAGEMENT ASSURANCES

Analysis of Entity's Systems, Controls, and Legal Compliance

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) requires ongoing evaluations of internal controls and financial management systems. These evaluations lead to an annual statement of assurance that:

- Obligations and costs comply with applicable laws and regulations.
- Federal assets are safeguarded against fraud, waste, abuse, and mismanagement.
- Transactions are accounted for and properly recorded.
- Financial management systems conform to standards, principles, and other requirements to ensure that Federal managers have timely, relevant, and consistent financial information for decision-making purposes.

RMA evaluated its internal controls in accordance with OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. RMA operates a comprehensive internal control program. This program ensures compliance with the requirements of FMFIA, the Federal Financial Management Improvement Act of 1996 (FFMIA), OMB Circular No. A-123, and other applicable laws and regulations. RMA managers must ensure their programs operate efficiently and effectively and comply with relevant laws. They must also ensure that financial management systems conform to applicable laws, standards, principles, and related requirements. In conjunction with the Office of Inspector General and the Government Accountability Office, RMA's management works decisively to determine the root causes of its deficiencies so that it can direct resources to focus on their remediation.

RMA remains committed to operating its programs efficiently and effectively in compliance with FMFIA and other applicable laws and regulations.

Federal Financial Management Improvement Act

The FFMIA is designed to improve financial and program managers' accountability, provide better information for decision-making, and improve the efficiency and effectiveness of Federal programs. FFMIA requires that financial management systems provide reliable, consistent disclosure of financial data in accordance with generally accepted accounting principles and standards. These systems must also comply with (1) Federal Financial Management System (FFMS) requirements, (2) applicable Federal accounting standards, and (3) the U.S. Standard General Ledger (USSGL) at the transaction level.

RMA assessed its financial management systems and internal controls over the effectiveness and efficiency of operations and compliance with applicable laws and regulations, in accordance with Departmental guidelines and as required by FMFIA and FFMIA as of June 30, 2025. As a result of the assessment, RMA reports the following Statement of Assurance:

Administrator's Assurance Statement

RMA Management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act.

RMA conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, RMA can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2025.

RMA has also assessed the compliance of RMA's financial management systems with federal financial management systems requirements in accordance with FMFIA Section 4; FFMIA Section 803(a); and OMB Circular No. A-123, Appendix D. They require federal agencies to implement and maintain financial management systems that comply with federal financial management system requirements, applicable federal accounting standards, and the U.S. Standard General Ledger at the transaction level. RMA management can provide reasonable assurance of compliance with FMFIA Section 4 and FFMIA as of September 30, 2025.

RMA is compliant with the Payment Integrity Information Act (PIIA) of 2019 and the Digital Accountability and Transparency Act (DATA) of 2014.

RMA remains committed to operating its programs and operations in an effective and efficient manner and its financial management systems in compliance with Federal requirements.

PATRICIA SWANSON
Digitally signed by PATRICIA SWANSON
Date: 2026.01.09 10:30:44 -05'00'

Patricia Swanson
Administrator
Risk Management Agency

Financial Management System Framework

FCIC/RMA uses USDA's Financial Management Modernization Initiative as the financial system of record and will coordinate with USDA for all planned upgrades to the financial system. USDA will analyze any future upgrades to keep pace with the constant advancements in technology.

Limitations on Financial Statements

Financial statements have been prepared to report the financial position and results of FCIC/RMA's operations, pursuant to 31 U.S.C 3515(b), which states the requirements of Financial Statements of Agencies.

While the statements have been prepared from the books and records of FCIC/RMA in accordance with Generally Accepted Accounting Principles for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the understanding they are for a component of the United States Government, a sovereign entity.

SECTION 2: FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS

FEDERAL CROP INSURANCE CORPORATION
RISK MANAGEMENT AGENCY
CONSOLIDATED BALANCE SHEET
As of September 30, 2025
(In millions)

		2025
Assets		
Intragovernmental		
Fund Balance with Treasury (Note 2)	$	5,013
Advances and Prepayments		3
Total Intragovernmental Assets	$	5,016
Other than Intragovernmental Assets		
Cash and Other Monetary Assets (Note 3)	$	200
Accounts Receivable, Net (Note 4)		1,969
Property, Plant and Equipment, Net (Note 5)		19
Total Other than Intragovernmental Assets	$	2,188
Total Assets	$	7,204
Liabilities (Note 6)		
Intragovernmental		
Other Liabilities (Note 11)	$	5
Other than Intragovernmental Liabilities		
Accounts Payable	$	2,347
Federal Employee Salary, Leave, and Benefits Payable (Note 7)		8
Post Employment Benefits Payable (Note 7)		2
Insurance and Guarantee Program Liabilities (Note 8)		16,524
Total Other than Intragovernmental Liabilities	$	18,881
Total Liabilities	$	18,886
Commitments and Contingencies (Note 12)		
Net Position		
Unexpended Appropriations - Funds from other than Dedicated Collections	$	101
Cumulative Results of Operations - Funds from other than Dedicated Collections		(11,783)
Total Net Position	$	(11,682)
Total Liabilities and Net Position	$	7,204

The accompanying notes are an integral part of these statements

FEDERAL CROP INSURANCE CORPORATION
RISK MANAGEMENT AGENCY
CONSOLIDATED STATEMENT OF NET COST
For the Period Ended September 30, 2025
(In millions)

		2025
Gross Program Costs - FCIC and A&O		
Indemnities	$	17,154
Program Delivery Costs		2,840
Other Program Costs		123
Total Gross Costs - FCIC and A&O	$	20,117
Less Earned Revenue		
Premium Revenue	$	7,558
Net (Gain)/Loss on Business Ceded from AIPs		(2,413)
Other Revenue		68
Total Earned Revenue - FCIC and A&O	$	5,213
Net Program Costs - FCIC and A&O	$	14,904
Other		
Pandemic Cover Crop Program / American Relief Act	$	30
Less Earned Revenue		-
Net Other Program Costs	$	30
Net Cost of Operations	$	14,934

The accompanying notes are an integral part of these statements

FEDERAL CROP INSURANCE CORPORATION
RISK MANAGEMENT AGENCY
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
For the Period Ended September 30, 2025
(In millions)

		2025
Unexpended Appropriations		
Beginning Balance	$	114
Appropriations Received		19,950
Appropriations Transferred (In/Out)		(10)
Other Adjustments - Returned to Treasury		(5,985)
Appropriations Used		(13,968)
Net Change in Unexpended Appropriations	$	(13)
Total Unexpended Appropriations	$	101
Cumulative Results of Operations		
Beginning Balance	$	(10,832)
Appropriations Used		13,968
Nonexchange Revenue		3
Transfers In (Out) Without Reimbursement		4
Imputed Financing Sources		8
Net Cost of Operations		(14,934)
Net Change in Cumulative Results of Operations	$	(951)
Cumulative Results of Operations	$	(11,783)
Net Position	$	(11,682)

The accompanying notes are an integral part of these statements

FEDERAL CROP INSURANCE CORPORATION
RISK MANAGEMENT AGENCY
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the Period Ended September 30, 2025
(In millions)

		2025
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, net	$	605
Appropriations (Note 13)		13,957
Spending Authority from Offsetting Collections		7,269
Total Budgetary Resources	$	21,831
Status of Budgetary Resources		
New Obligations and Upward Adjustments	$	21,222
Unobligated Balance, End of Year		
Apportioned, unexpired accounts		596
Unapportioned, unexpired accounts		9
Unexpired unobligated balance, end of year	$	605
Expired unobligated balance, end of year		4
Unobligated Balance, End of Year	$	609
Total Budgetary Resources	$	21,831
Outlays, Net and Disbursements, Net		
Outlays, Net	$	13,927
Agency Outlays, Net	$	13,927

The accompanying notes are an integral part of these statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The United States Department of Agriculture's (USDA) Risk Management Agency (RMA), created in 1996 serves America's agricultural producers through market-based risk management tools to strengthen the economic stability of agricultural producers and rural communities. To carry out this mission, RMA operates and manages the Federal Crop Insurance Corporation (FCIC). FCIC is a wholly owned Government Corporation under the Government Corporation Control Act, which is part of RMA.

FCIC provides crop insurance and risk management strategies to American producers. Private sector insurance providers approved by FCIC, Approved Insurance Providers (AIP), sell and service the policies. FCIC provides re-insurance to the AIPs who share the risks associated with catastrophic losses due to major weather events. In addition, FCIC assumes some of the risk generated by the crop insurance program administered by the Commonwealth of Puerto Rico. FCIC develops and/or approves premium rates, administers the premium and expense subsidies, approves and supports products, and reinsures the AIPs. In addition, FCIC sponsors educational programs and seminars on risk management.

Discretionary Programs

RMA receives discretionary funding as appropriated by Congress and transfers funding as authorized by 7 USC 1516 (b)(2)(C)(ii)(l) annually to support operations and oversight of programs authorized under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

Mandatory Programs

RMA receives mandatory funding for the FCIC as authorized by the Federal Crop Insurance Act (7 USC 1501 et. seq.). Each fiscal year, RMA receives FCIC funding by mandatory apportionment based on the program's "funds such as may be necessary" authority. Due to FCIC receiving "as sums as may be necessary" authority, Office of Management and Budget (OMB) requires RMA to return their unobligated balances (appropriation and collections) to Treasury at the end of each fiscal year. RMA carries over the balance of capital stock, paid-in capital, and contingency funds within Cumulative Results of Operations. RMA also receives mandatory funding under Section 524(b) of the Federal Crop Insurance Act (7 U.S.C 1524(b)) for the Agricultural Management Assistance Program (AMAP).

The funding for these programs is received from Commodity Credit Corporation (CCC) through non-expenditure transfers for the estimated obligations to be incurred through the end of each quarter.

Authorized funding for the mandatory Farm Bill programs funded by transfers from CCC is $4 million as of September 30, 2025.

Basis of Presentation and Accounting

The accompanying consolidated financial statements have been prepared to report the FCIC/RMA financial position (consolidated balance sheet) and financial activity (consolidated statements of net cost and changes in net position and combined statement of budgetary resources). The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), as promulgated by the Federal Accounting Standards Advisory Board. The consolidated financial statements are presented in accordance with the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements,* which was revised in July 2025.

Three types of years are referred to in this financial report. The consolidated financial statements are for fiscal year, which runs from October 1 to September 30. Crop year refers to the year in which a crop is harvested. Reinsurance year is based on the yearly reinsurance agreements with Approved Insurance Providers (AIPs) and runs from July 1 to June 30. Unless otherwise specified as crop year or reinsurance year, the year refers to fiscal year. A fiscal year contains two reinsurance years.

Fund Balance with Treasury

Fund Balance with Treasury (FBWT) is the amount in the entity's accounts with the U.S. Department of Treasury that is available for making expenditures and paying liabilities. It includes balances held by FCIC/RMA on behalf of the Federal Government or other entities (receipt accounts, which include clearing/suspense accounts). It includes General Fund amounts, revolving funds, special funds, trust funds, deposit funds, clearing accounts, miscellaneous receipt accounts and the dollar equivalent of certain foreign currency account balances.

Non-Entity Assets

Non-entity assets are assets held by the entity that are not available to the entity. Such balances consist of amounts paid into escrow accounts for which AIP's indemnity checks have not yet cleared and are reported on the Cash and Other Monetary Assets line on the consolidated balance sheet. Non-entity assets are offset by a non-entity liability representing that such assets are not a resource available for use in operations. When claims are received from the AIP, RMA begins the process by placing funds for the claims into FCIC-owned escrow accounts. The AIPs also have a loss clearing account established at the same financial institution. The AIPs pay the producers from the loss clearing account. When the producers cash their indemnity payments, the funds will then transfer from the FCIC escrow account to the AIP loss clearing account.

Because the AIP loss clearing account is a zero-balance account, this allows the funds to remain in FCIC's name until the producer receives the funds. Therefore, the funds in the escrow account are considered unpaid and are included in the liability for unpaid insurance claims.

Accounts Receivable, net

Accounts Receivable, net represents premiums from AIPs due to FCIC for crop insurance written by AIPs and reinsured by FCIC. AIPs are responsible for collecting premium from the producer and paying FCIC, whether-or-not premium has been collected from the producer. Premiums are collected at the end of the growing season. As a result, significant amounts of premiums are due in the fall, around the end of the fiscal year. Accounts receivable also include producers' accounts receivable that represent amounts due from individual producers for interest, overpaid indemnities, and debts which are payable directly to FCIC.

The Accounts Receivable due from AIPs on the monthly settlement are listed as Net amounts on the consolidated balance sheet. The actuarial staff at the RMA provide a projection for the losses, which covers all claims related to the policies in place for the current crop year. An allowance for doubtful accounts is recorded quarterly, for the receivables estimated to be uncollectible, using aging methods based on an analysis of historical collections and write-offs.

Property, Plant, and Equipment, net

Property, Plant, and Equipment, net consist of office furniture, computer equipment, and computer software. Property, plant, and equipment with an acquisition cost of $100,000 or more; internal use software with an acquisition cost of $200,000 or more; and an estimated useful life of at least two years is capitalized. Property and equipment with an acquisition cost of less than $100,000 is expensed when purchased.

Property and equipment are depreciated using the straight-line method over useful lives that range from 6 to 10 years. There are no restrictions on the use or convertibility of FCIC's property and equipment.

Accounts Payable

Accounts Payable include amounts due to AIPs for reimbursement of Administrative & Operating (A&O) expenses associated with delivering the crop insurance program. The payments for program delivery costs are due in the first month of the following fiscal year. Payment of program delivery costs, also known as A&O, is made in October of each fiscal year following the reinsurance year. Therefore, program delivery costs are included in the accounts payable line in each fiscal year.

The Standard Reinsurance Agreement (SRA) provides for reimbursement to the insurance companies for program delivery costs. AIPs provide program delivery services for which payment is made in the form of an A&O subsidy.

A&O subsidy is for the administrative and operating expenses paid by FCIC, on behalf of the policyholder, to the AIPs for additional coverage level eligible crop insurance contracts in accordance with section 508(k)(4) of the Act (7 U.S.C. § 1508(k)(4)).

Administration and Operating Expense

FCIC/RMA partners with AIPs, private insurance companies that work directly with the producers to administer the FCIC program. In return for administering the FCIC program, FCIC/RMA provides each AIP with an administration and operating payment, which is referred to in legislation as a "Delivery Expense." The 2012 Farm Bill set a cap of $1.4 billion dollars in total for delivery expense. Note that any new crop insurance policy created after the 2012 Farm Bill (such as Whole Farm) is exempt from the delivery expense cap. In effect, this means that the delivery expense grows slightly each year. The amount paid to each AIP is calculated based upon the standard reinsurance agreement and adjusted to ensure the AIPs receive a pro rata share of the $1.4 billion delivery expense cap for the policies subject to the delivery expense cap.

Federal Employee Salary, Leave, and Benefits Payable

Federal Employee Salary, Leave and Benefits Payable include salaries; wages; funded and unfunded annual leave; sick leave; the employer portion of payroll taxes and benefit contributions, excluding intragovernmental amounts (e.g., the employer contributions to the Thrift Savings Plan); the employer share of health benefit payments due to benefit carriers, and employment-related liabilities not included in Post-Employment Benefits Payable.

Post-Employment Benefits Payable

FASAB SFFAS No. 5, *Accounting for Liabilities of the Federal Government* requires Federal entities to recognize an expense for post-employment and other retirement benefits at the time the employee's services are rendered. Post-Employment Benefits Payable include post-employment benefits, including other retirement benefits (ORB) and other post-employment benefits (OPEB); life insurance actuarial liability; and the Federal Employees' Compensation Act (FECA) actuarial liability. Entities responsible for accounting for post-employment benefits, ORB (e.g., health benefits for retirees), and OPEB should calculate and report these liabilities and related expenses in accordance with SFFAS 5. The purpose of recognizing this expense is to record and report on the full cost of each entity's operation. A corresponding revenue, Imputed Financing Sources, is recognized to the extent post-employment and other retirement benefit expenses exceed the amount paid to the United States Office of Personnel Management.

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a work-related injury or occupational disease. Benefit claims incurred for RMA employees under FECA are administered by the U.S Department of

Labor (DOL). RMA reimburses DOL for FECA claims. Consequently, RMA recognizes a liability for this compensation comprised of: (1) an accrued liability that represents money owed for claims paid by the DOL through the current fiscal year, and (2) an actuarial liability that represents the expected liability for RMA approved compensation cases to be paid beyond the current fiscal year.

Tax Status

As Federal entities, RMA and FCIC are not subject to Federal, State or local income taxes and accordingly, no provision for income tax is necessary.

Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Net Position

Net position is the residual difference between assets and liabilities and is composed of Unexpended Appropriations and Cumulative Results of Operations (which includes Capital Stock and Contributed Capital). Unexpended appropriations represent the amount of unobligated and unexpended budget authority. Unobligated balances are the amounts of appropriations or other authority remaining after deducting the cumulative obligations from the amount available.

Budgetary Terms

The purpose of Federal budgetary accounting is to control, monitor, and report on funds made available to Federal agencies by law and help ensure compliance with the law.

The following budget terms are commonly used:

Appropriations: A provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.

Budgetary resources: Amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years.

Offsetting collections: Payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, offsetting collections are authorized to be spent for the purposes of the account without further action by Congress.

They usually result from business-like transactions other than intragovernmental, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government and from intragovernmental transactions with other Government accounts. The authority to spend offsetting collections is a form of budget authority. (Compare to "Governmental receipts" and "Offsetting receipts.")

Offsetting receipts:

Payments to the Government that are credited to offsetting receipt accounts and deducted from gross budget authority and outlays, rather than added to receipts. Usually, they are deducted at the level of the agency and subfunction, but in some cases they are deducted at the level of the Government as a whole. They are not authorized to be credited to expenditure accounts. The legislation that authorizes the offsetting receipts may earmark them for a specific purpose and either appropriate them for expenditure for that purpose or require them to be appropriated in annual appropriations acts before they can be spent. Like offsetting collections, they usually result from business-like transactions other than intragovernmental, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government, and from intragovernmental transactions with other Government accounts. (Compare to "Governmental receipts" and "Offsetting collections.")

Obligation: A binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Outlay: A payment to liquidate an obligation (other than the repayment of debt principal or other disbursements that are "means of financing" transactions). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of Government spending.

For further information about budget terms and concepts, see OMB Circular A-11, *Preparation, Submission, and Execution of the Budget, Section.*

Apportionment Categories of Obligations Incurred

The Insurance Fund receives a direct apportionment that is apportioned by program (Category B). Fiscal year 2025 insurance fund obligations incurred were $21.1 billion. For fiscal years 2025 the salaries & expense (S&E) direct apportionment was $65.6 million. The S&E fund is apportioned by time (Category A). RMA is authorized to annually transfer up to $7 million. These funds are available to reimburse expenses incurred for the operations and review of policies, plans of insurance, and related materials; and to assist the Corporation in maintaining actuarial soundness and financial integrity. In fiscal year 2025, RMA transferred $7 million from the FCIC fund to the S&E fund. In fiscal year 2025, the S&E fund obligations incurred were $72.3 million. All S&E funds are subject to sequestration.

Use of Estimates

The preparation of consolidated financial statements requires management to make estimates. These estimates affect reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The consolidated financial statements present estimates on the consolidated balance sheet and consolidated statement of net cost on the following line items related to the insurance programs.

- Consolidated Balance Sheet
  - Insurance and Guarantee Program Liabilities

- Consolidated Statement of Net Cost
  - Indemnities,
  - Program Delivery Costs,
  - Premium Revenue,
  - Net (Gain)/Loss on Business Ceded from AIPs, and
  - Other Revenue.

Incurred but Not Reported (IBNR) is estimated claims from events that have occurred as of the end of the reporting period but have not yet been reported for settlement. FCIC uses a historical 3-year trend analysis for policies related to the SRA, based upon the data from the prior years and signed by the loss adjuster to determine the number of claims incurred for the current reinsurance year as of the financial statement reporting date.

NOTE 2 – FUND BALANCE WITH TREASURY

Fund balance with Treasury as of September 30, 2025, consists of:

	S&E Fund (millions)	Insurance Fund (millions)	Pandemic Cover Crop / American Relief Act (millions)	Total (millions)
Status of Fund Balance with Treasury				
Unobligated Balance	$ 4	$ 464	$ 0	$ 468
Obligated not yet disbursed	5	4,525	15	4,545
Total Fund Balance with Treasury	$ 9	$ 4,989	$ 15	$ 5,013

RMA maintains separate accounts for S&E (appropriated), Insurance (revolving), and Pandemic Cover Crop / American Relief Act (appropriated) funds. The S&E fund is used to pay administrative and operating expenses of RMA.

The Insurance fund is used to pay losses, A&O subsidies known as program delivery costs, and other costs authorized in the Act. All funds are currently available to FCIC except for the prior fiscal year unobligated balances in the S&E fund and temporarily sequestered amounts in the Insurance fund.

NOTE 3 – CASH AND OTHER MONETARY ASSETS

Cash and other monetary assets as of September 30, 2025, are $200 million.

The cash balance is a non-entity asset. Cash held outside of Treasury (CHOT) consists of funds in FCIC escrow accounts. These accounts are used by AIPs to pay producer losses. All other assets are entity assets.

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable and allowance for uncollectible accounts as of September 30, 2025, are:

	Gross Accounts Receivable (millions)	Allowance for Uncollectible Accounts (millions)	Net Accounts Receivable (millions)
Other than Intragovernmental	$ 1,974	$ (5)	$ 1,969
Total	$ 1,974	$ (5)	$ 1,969

Accounts receivable includes premiums from AIPs due to FCIC. AIPs are responsible for collecting premium and paying FCIC whether they have received premium from the producer or not. Also included are amounts due from individual producers for interest, overpaid indemnities, and debts which are payable directly to FCIC. The allowance for uncollectible accounts is based on historical experience.

NOTE 5 – PROPERTY, PLANT, AND EQUIPMENT, NET

Property, Plant, and Equipment, Net as of September 30, 2025, are:

Property, Plant, and Equipment (Net) (millions)			
Category	Cost	Accumulated Depreciation	Net Book Value
Internal Use Software	$ 85	$ (70)	$ 15
Internal Use Software in Development	4	-	4
Total	$ 89	$ (70)	$ 19

Internal use software (IUS) is internally developed for FCIC use in administering its programs. In accordance with SFFAS No. 10, *Accounting for Internal Use Software*, contractor and RMA internal staff costs related to the new system are amortized over a period of five years.

IUS software with an acquisition cost of $100,000 or more and an estimated useful life of at least two years is capitalized and amortized over five years.

A summary of the annual capitalization acquisitions, dispositions, revaluations, and depreciation expenses for fiscal year 2025 is as follows:

Property, Plant, and Equipment (millions)	
Balance Beginning of Year	$ 15
Capitalized Acquisitions	9
Depreciation Expense	(5)
Balance at End of Year	$ 19

NOTE 6 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources as of September 30, 2025, are:

Liabilities	(millions)
Estimated Losses on Insurance Claims (Note 8)	$ 9,749
Current Year Underwriting Gain (Note 10)	2,967
Federal Employee Salary, Leave, and Benefits Payable (Note 7)	6
Post Employment Benefits Payable	1
Other Liabilities	1
Total Liabilities Not Covered by Budgetary Resources	$ 12,724
Total Liabilities Covered by Budgetary Resources	$ 4,473
Total liabilities not requiring budgetary resources	$ 1,689
Total Liabilities	$ 18,886

Liabilities that are funded and covered by budgetary resources include:

- The FCIC escrow balances of reported unpaid claims held outside of Treasury used to pay producer losses (part of Insurance Guarantee Program Liabilities).
- The previous year's liability for underwriting gain. This liability will be paid in the year following the end of the current fiscal year (part of Insurance Guarantee Program Liabilities).
- Accounts Payable for the AIP's delivery cost.

Liabilities not requiring budgetary resources is the Unearned Revenue (Note 8, part of Insurance Guarantee Program Liabilities).

NOTE 7 – EMPLOYEE SALARY, LEAVE AND POST EMPLOYMENT BENEFITS

Employee salary and post-employment benefits as of September 30, 2025 are:

Federal Employee Salary, Leave, and Benefits Payable (millions)	
Other than Intragovernmental	
Accrued Funded Payroll and Leave	$ 2
Unfunded Leave	6
Total Federal Employee Salary, Leave, and Benefits Payable	$ 8
Post Employment Benefits Payable	
Other than Intragovernmental	
Actuarial FECA Liability	$ 1
Other Post Employment Benefits Due and Payable	1
Total Post Employment Benefits Payable	$ 2

NOTE 8 – INSURANCE AND GUARANTEE PROGRAM LIABILITIES

The Federal Crop Insurance Program is considered a short-duration exchange transaction insurance program. The crop insurance policies insure against unexpected declines in yield and/or price due to natural causes.

In crop year 2025, there were approximately 1.4 million standard reinsurance and livestock policies totaling approximately $198.944 billion insurance in-force, however, there is a remote likelihood that claims equal to the entire insurance in-force will be filed at the same time.

The insurance policies are structured as a contract between AIPs and producers, with the FCIC providing reinsurance to AIPs. Crop insurance policies automatically renew each subsequent crop year unless the policyholder cancels the policy in writing by a published annual deadline.

Under the reinsurance agreements, AIPs agree to deliver insurance products to eligible producers under certain terms and conditions. The A&O subsidy compensates the AIPs for selling and servicing crop insurance policies, including the direct settling of claims. Producers pay a portion of premium and fees to participate in the insurance program benefit payments.

FCIC and AIPs share in underwriting gains or losses. The underwriting risk for the crop insurance program is shared by FCIC and the AIPs. The AIPs generally retain approximately 80 to 85 percent of the premium, and the risk associated with the premium. FCIC provides AIPs stop-loss reinsurance for the risk associated with their retained premium.

Stop loss reinsurance is a type of reinsurance where the reinsurer pays the cedant's losses if they exceed a certain percentage of the earned premium in any given year. This limits the primary carrier's liability to a specific percentage of the total loss each year.

The AIPs for fiscal year 2025 are as follows:

- **CM**: Country Mutual Insurance Company
- **CP**: Clear Blue Insurance Company
- **EF**: Rural Community Insurance Company
- **FA**: American Agricultural Insurance Company
- **FH**: Farmers Mutual Hail Insurance Company
- **GA**: Great American Insurance Company
- **HU**: Hudson Insurance Company
- **NA**: NAU Country Insurance Company
- **PL**: Producers Agriculture Insurance Company
- **PS**: Palomar Specialty Insurance Company
- **RH**: ACE American Insurance Company
- **WN**: American Agri-Business Insurance Company

The funds within the Federal Crop Insurance Program can be used to pay any authorized expense of the program. The following table lists the types of funds received, and the resources used by the program for 2025.

Federal Crop Insurance Program Resource and Resources Used			
Resource	**Fiscal Year 2025 (millions)**	**Uses**	**Fiscal Year 2025 (millions)**
Producer Premiums Collected	$ 7,204	Obligations for Delivery Costs	$ 2,820
Producer Fees Collected	54	Obligations for Indemnities	15,779
Underwriting Loss Collected from AIPs	11	Obligations for Underwriting Gain	2,470
Appropriations	13,867	Obligations for Initiatives & Other Costs	51
Appropriations Transfers	(13)		
Unobligated Balance Beginning of Year	601	Unobligated Balance End of Year	604
Total	$ 21,724	Total	$ 21,724

The Federal Crop Insurance Act requires the total premium, including producer paid premium and premium subsidy, to be established to achieve an overall projected loss ratio of no greater than 1.0 over an extended period. The FCIC Act dictates the percentage of subsidized premium. The estimation of expected indemnities is generally based on the observed historical rate of loss often referred to as the 'loss cost' method.

FCIC may request the Secretary of Agriculture to provide borrowing authority funds of the CCC if at any time the amounts in the insurance fund are insufficient to allow FCIC to carry out its duties. Even though the authority exists, FCIC did not request CCC funds in the reporting period. Instead, FCIC uses such sums as are necessary from the U.S. Treasury to cover program costs that exceed collections.

Loss Recognition

The end of the government's fiscal year, on September 30, occurs while many crops are still in the field and subject to ongoing natural risks causing significant uncertainty for the end-of- fiscal-year estimates of claims. Estimates can often vary by 20% or more from actuals.

Estimates of claims are based on current crop conditions and historical trends for a given crop condition. Therefore, it is assumed the expected claims will be like levels observed historically.

Estimates assume there is a relationship between crop yields, harvest prices, and resulting loss ratios. The indemnity for an individual producer is based on the difference between the producer's actual yield and his/her average yield. Similarly, for revenue plans, the indemnity is based on the difference between the actual harvest price and the "base" price which is the estimated harvest price at the time the crop is planted.

Regression analyses are based on the historic relationships between the crop yields and harvest prices (when necessary) for each crop in each state and the resulting loss ratios in each of those years. The resulting regression coefficients are used in conjunction with the most recent National Agricultural Statistics Service (NASS) forecasts and commodity futures prices to calculate a projected loss ratio for each crop/state combination.
There are uncertainties associated with these assumptions including:

- Actual yields, which may be different than those provided by the NASS estimates.
- Changes in weather patterns close to harvesting dates, which could affect yields but not be reflected in the NASS estimates.
- Commodity prices may change from those in the market because of many factors (such as weather, yields, and economic conditions).
- Significant catastrophic weather events (i.e., hurricanes and freezes) occurring near the consolidated balance sheet date, which could affect estimated crop yields and crop prices.

There are uncertainties associated with assumptions used to estimate losses on insurance claims. As a result, the ultimate liability may differ significantly from the recorded estimate. Indemnity costs are paid from premium proceeds, including producer paid premium and premium subsidies. If indemnity costs exceed funds available, additional funds will be requested and apportioned to FCIC.

Revenue and Liabilities Recorded

SFFAS 51, *Insurance Programs,* promulgates the recognition and measurement of:

- Revenue and Liability for Unearned Premiums,
- Liability for Unpaid Insurance Claims, and
- Liability for Losses on Remaining Coverage

Insurance Liabilities

The following table shows the Insurance Liabilities as of September 30, 2025:

Insurance Liabilities	(millions)
Estimated Losses on Insurance Claims	
Liability for Unpaid Insurance Claims	$ 2,153
Liability for Losses on Remaining Coverage	7,815
Total Estimated Losses on Insurance Claims (Note 9)	$ 9,968
Unearned Revenue	$ 1,689
Underwriting Gain (Note 10)	4,842
Other Insurance Liabilities	25
Total Insurance Liabilities	$ 16,524

Liability for Unpaid Insurance Claims

Liability for Unpaid Insurance Claims are claims for adverse events that occurred before the end of the reporting period. Under SFFAS 51, for the claim to be considered incurred, a single event or a series of events must be completed by the end of the reporting period to be considered an adverse event of the period.

The Liability for Unpaid Insurance Claims is comprised of the following:

- Funds in the escrow accounts to cover payments to producers who have not cashed their indemnity payments
- Claims reported but not paid as of the end of the reporting period
- Incurred but not reported (IBNR) is estimated claims from events that have occurred as of the end of the reporting period but have not yet been reported for settlement

FCIC uses a historical trend analysis based upon the data from the prior years to determine the value of claims incurred for the current reinsurance year as of the financial statement reporting date. When the Summary of Business (SOB) is higher than the estimate at year end, the SOB amount is used.

Liability for Losses on Remaining Coverage

The liability for losses on remaining coverage as of the end of the reporting period represents the estimated amounts to be paid to settle claims for the remaining open arrangement period exceeding losses associated with the related unearned premiums as of the end of the reporting period.

The liability for losses on remaining coverage is the total projected losses minus actual losses reported, IBNR, and losses associated with unearned premium.

Revenue and Liability for Unearned Revenue

Premium revenue is comprised of producer paid premium. Producer paid premium is recognized as earned proportionately over each crop's growing season. The portion of producer paid premium not earned at the conclusion of the fiscal year is classified as unearned revenue and included as part of the guarantee program liabilities in the consolidated balance sheet.

Underwriting Gain/Loss

Underwriting gain/loss is the AIPs' portion of earnings or losses on the insurance book of business due from or to FCIC. A periodic settlement, as stipulated in the SRA, is calculated where results of business written by AIPs are determined and an experience-rated gain or loss on business ceded from AIPs is computed. Payments due to AIPs for a net gain are paid in the second fiscal year following the reinsurance year. Underwriting losses are paid to FCIC periodically.

NOTE 9 – ESTIMATED LOSSES ON INSURANCE CLAIMS

The following table shows information for changes in the Estimated Losses on Insurance claims for fiscal year 2025.

Changes in Estimated Losses on Insurance Claims	(millions)
Beginning Balance	$ 8,723
Claims Expenses	15,779
Payments to Settle Claims	(15,910)
Adjustments of Accruals for Estimated Losses	1,376
Ending Balance	$ 9,968

The chart above provides a roll forward of the liability for estimated losses on insurance claims. The claims expenses represent actual reported.

The Adjustment of Accrual for Estimated Losses is the reversal of the prior fiscal year accrual combined with the current fiscal year accrual for estimated losses. The indemnity projection is based on two major factors: losses due to a shortfall in yield and changes in commodity prices impacting revenue plans. The principal data source for yield projections is the NASS Crop Production report. The NASS Crop Production report is considered to represent USDA's official perspective on the current state of agricultural production. It is based on a survey of growers along with inspections of randomly selected sections of farms. Although the NASS Crop Production report is scrutinized by multiple sources, it is still an estimate and is subject to some uncertainty.

The revenue plans of insurance base their indemnities on the futures prices for specific contracts and exchanges.

The best prediction of the final price for the futures contract is the most current price of the relevant commodities exchange. At the time the indemnity projection is made, up-to-date futures prices are taken from multiple exchanges.

NOTE 10 – UNDERWRITING GAIN

Underwriting Gain	(millions)
Current Year Estimated Gains	$ 2,967
Actual Gains	1,875
Total Underwriting Gain Liability	$ 4,842

At the end of fiscal year 2025, the Underwriting Gain Liability includes amounts for reinsurance years 2024 and 2025. The reinsurance year 2025 estimated Underwriting Gain was $2,967 million and was based on a loss ratio of .75. The actual reinsurance year 2024 Underwriting Gain of $1,875 million was based on an actual loss ratio of 0.94 and will be paid in fiscal year 2026.

NOTE 11 – OTHER LIABILITIES

All Other Liabilities are considered current. Other Liabilities as of September 30, 2025, consist of:

Other Liabilities, Federal and Non-Federal	(millions)
Intragovernmental:	
Other Liabilities With Related Budgetary Obligations	$ 4
Employer Contributions and Payroll Taxes	$ 1
Total Other Liabilities, Intragovernmental	$ 5

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Various lawsuits, claims, and proceedings are pending against FCIC. In accordance with SFFAS 5, FCIC records accruals for such contingencies when it is probable that a liability will be incurred, and the amount of the loss can be reasonably estimated. If there is a reasonable possibility that a loss will occur, FCIC discloses the nature of the contingency and an estimate of the possible liability, an estimate of the range of the possible liability, or a statement that such an estimate cannot be made. FCIC is a defendant in a litigation case arising during the normal course of business.

To defend its policies and procedures, FCIC may pay litigation expenses and judgments over and above the indemnities found in the SRA for AIPs. For this reason, FCIC is consulted and approves significant decisions in the litigation process.

After consultation with legal counsel, the chance of judgement against FCIC is remote based on court rulings in favor of FCIC, and therefore management believes that the loss contingency of the current ongoing case should be considered remote with no losses anticipated. FCIC has not recognized a liability in the consolidated financial statements and will continue to contest certain aspects of this case.

NOTE 13 – STATEMENT OF BUDGETARY RESOURCES

RMA / FCIC has significant activity on the Appropriations Received line of the SCNP that is not included in the Appropriations line of the SBR.

Reconciliation to Appropriations Received on the Consolidated SCNP is as follows:

Reconciliation to Appropriations Received on the Consolidated SCNP	(millions)
Total appropriations on the Consolidated SCNP	$ 13,957
Adustments to SBR appropriations:	
Transfers of CY Authority	6
Appropriations Temporarily Reduced	2
Returned to Treasury	5,985
Appropriations received on the Combined SBR	$ 19,950

FCIC receives a permanent indefinite appropriation for the Insurance Fund each fiscal year for premium subsidy, reinsurance A&O reimbursement expense, and other programs specified in the Act. At the end of the fiscal year FCIC returns unobligated balances to Treasury.

The reconciliation of unobligated balances brought forward to October 1, 2024, are:

Reconciliation to Unobligated Balance at the End of Prior Year	(millions)
Unobligated Balance, Brought Forward from Prior Year	$ 602
Adustments to Budgetary Resources Made During the Current Year:	
Downward Adjustment of Prior Year Delivered Orders	3
Unobligated Balance from Prior Year Budget Authority, Net	$ 605

NOTE 14 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered Orders as of September 30, 2025, are:

Undelivered Orders at the End of the Period	(millions)
Undelivered Orders, Federal, Unpaid	$ 20
Undelivered Orders, Federal, Paid	3
Undelivered Orders, Non-Federal, Unpaid	52
Undelivered Orders Total	$ 75

Undelivered Orders are goods and services obligated but not received as of the end of the fiscal year.

NOTE 15 – DIFFERENCES BETWEEN THE COMBINED SBR AND BUDGET OF THE U.S. GOVERNMENT

The SF-133 (Report on Budget Execution and Budgetary Resources) which is used by RMA to report and certify obligation balances is also used to populate some portions of the Program and Financing Schedules (P&F Schedules) within the *Budget of the United States Government*.

Since the P&F Schedules within the *Budget of the United States Government, Fiscal Year 2026*, were not available at the time RMA's Annual Management Report for FY 2025 was issued, the reconciliation between the President's Budget and the SBR for FY 2025 could not be performed. The FY 2025 SBR will be reconciled to the FY 2025 actuals on the P&F Schedules reported in the *Budget of the United States Government, Fiscal Year 2027*, once released. The *Budget of the United States Government, Fiscal Year 2027*, is expected to be published in February 2026 and will be available on the website of the OMB at that time.
There were no material differences between the FY 2024 SBR and the FY 2024 actuals on the P&F Schedules presented in the *Budget of the United States Government, Fiscal Year 2026*.

NOTE 16 – RECONCILIATION OF CONSOLIDATED NET COSTS TO NET OUTLAYS

The Reconciliation of Consolidated Net Costs to Net Outlays explains the relationship between the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period. Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position. It presents information on an accrual basis.
The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities.

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The schedule on the following page illustrates this reconciliation by listing the key differences between net cost and net outlays.

The reconciliation contains both intra-governmental and activity other than intra-governmental, however the intra-governmental amounts are immaterial to total cost.

Reconciliation of Net Cost to Net Outlays	**(millions)**
Net Cost	$ 14,934
Components of Net Cost Not Part of the Budgetary Outlays:	
Property, Plant and Equipment Depreciation Expense	$ (5)
Increase/(Decrease) in Assets:	
Accounts Receivable, Net	697
Advances and Prepayments	(1)
Increase/(Decrease) in Liabilities:	
Accounts Payable	(300)
Insurance and Guarantee Program Liabilities	(1,391)
Federal Employee Salary, Leave, and Benefits Payable	(1)
Post-Employment Benefits Payable	(1)
Other Liabilities	(3)
Financing Sources:	
Imputed Cost	(8)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays:	$ (1,013)
Acquisition of Capital Assets	9
Financing Sources:	
Total Components of the Budget Outlays that are not part of Net Operating Cost:	$ 9
Miscellaneous Items:	
Custodial/Non-exchange revenue	(3)
Total Other Reconciling Items	(3)
Total Net Outlays (Calculated Total)	$ 13,927
Budgetary Agency Outlays, Net (SBR 4210)	
Budgetary Agency Outlays, Net	$ 13,927
Reconciling Difference Between the BAR Net Outlays and SBR Budgetary Agency Outlays	$ -

SECTION 3: REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF BUDGETARY RESOURCES

	FCIC	A&O	Other	Total
Budgetary Resources:				
Unobligated balance from prior year budget authority, net	$ 598	$ 3	$ 0	$ 601
Recoveries of prior year unpaid obligations	3	1	-	4
Appropriations (discretionary and mandatory)	13,854	73	30	13,957
Spending authority from offsetting collections (discretionary and mandatory)	7,269	0	-	7,269
Total Budgetary Resources	$ 21,724	$ 77	$ 30	$ 21,831
Status of Budgetary Resources:				
New obligations and upward adjustments (total)	$ 21,120	$ 72	$ 30	$ 21,222
Unobligated balance, end of year:				
Apportioned, unexpired accounts	595	1	0	596
Unapportioned, unexpired accounts	9	(0)	-	9
Unexpired unobligated balance, end of year	$ 604	$ 1	$ 0	$ 605
Expired unobligated balance, end of year	-	4	0	4
Total unobigated balance, end of year	$ 604	$ 5	$ 0	$ 609
Total Budgetary Resources	$ 21,724	$ 77	$ 30	$ 21,831
Outlays, Net:				
Outlays, net (discretionary and mandatory)	$ 13,825	$ 72	$ 30	$ 13,927
Distributed offsetting receipts	-	-	(0)	(0)
Agency Outlays, net (discretionary and mandatory)	$ 13,825	$ 72	$ 30	$ 13,927

SECTION 4: OTHER INFORMATION (UNAUDITED)

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT

ASSURANCES

FCIC is required to undergo an annual independent audit of its consolidated financial statements. In addition, FCIC is required to conduct annual assessments of internal controls over financial reporting and compliance with laws and regulations. The following tables list the results of the audit and assessments.

Table 1:

Summary of Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Table 2:

SUMMARY OF MANAGEMENT ASSURANCES					
Effectiveness of Internal Control over Financial Reporting (FMFIA Section 2)					
Statement of Assurance	Unmodified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA Section 2)					
Statement of Assurance	Unmodified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
N/A	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0
Conformance with Federal Financial Management System Requirements (FMFIA Section 4)					
Statement of Assurance	Federal systems conform				
Non-conformances	Beginning Balance	New	Resolved	Consolidated	Ending Balance
SUMMARY OF MANAGEMENT ASSURANCES					
N/A	0	0	0	0	
Total Non-conformances	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act		
	Agency	Auditor
1. Federal Financial Management System requirements	Compliance Noted	No Lack of Compliance Noted
2. Applicable Federal Accounting Standards	Compliance Noted	No Lack of Compliance Noted
3. USSGL at Transaction Level	Compliance Noted	No Lack of Compliance Noted

PAYMENT INTEGRITY INFORMATION ACT REPORTING

The Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010, the Improper Payments Elimination and Recovery Improvement Act of 2012, and the Payment Integrity Information Act of 2019 (PIIA) (P.L. 116-117) requires agencies to review programs susceptible to significant improper payments, report estimated improper payments and establish corrective actions to reduce improper payments. OMB provides guidance on measuring, reducing, recovering, and reporting improper payments through OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement (M-21-19)* and OMB Circular A-136, which was revised in July 2025.

Additional information can be found in Section III of the USDA fiscal year 2025 Agency Financial Report. The following link contains more detailed information on improper payments and other information regarding improper payments not included in this report: PaymentAccuracy.gov.

Operational guidance for all improper payment initiatives was updated December 30, 2021.

Improper Payment Reporting

Table 1: Summary of Improper Payments Results

Fiscal Year	Total Outlays (millions)	Improper Payments (millions)	Error Rate	Overpayments (millions)	Underpayments (millions)
2025	$ 22,925	$ 755	3.29%	$ 359	$ 397
2024	23,867	579	2.43%	580	5
2023	14,027	370	2.64%	362	8

RMA's improper payment, overpayments and underpayments, are the result of eligible policyholders' mis-certifying the information used to establish their policy (i.e., acres, share, production, etc.), not being able to support certifications (i.e., unacceptable supporting documentation, not having supporting documentation, etc.), or processing/administrative type errors (i.e., advertent keying errors, calculation errors, procedural errors, etc.) by the AIPs, agents, or adjusters.

Actions Taken:

Improper payments reported under OMB's cause category of Failure to Access Data/Information are improper payments that occurred when the data/information needed existed and could be accessed, however, a breakdown in an administrative or procedural process (i.e., inadvertent keying errors, calculation errors, process errors, etc.) caused the payment to become improper.

To address improper payments related to failure to access data/information, RMA conducted a cotton program review to determine if AIPs were following Federal Crop Insurance Corporation loss adjustment procedures related to appraisals.
RMA policy and procedure outlines procedures for conducting appraisals. When these procedures are not followed, the result can lead to improper payments. The program review resulted in findings being issued to the AIPs.

To address improper payments related to production certifications, RMA conducted a program assessment of AIP compliance with Spot Check List requirements. One critical component of these requirements is the verification, by the AIPs, of Actual Production History (APH) certifications. This assessment identified instances of non-compliance, which, if unaddressed, could lead to improper payments. In response, RMA has planned proactive measures to reduce these risks by promoting greater transparency and accountability. Specifically, RMA will provide AIPs with a reconciliation report to support adherence to Sport Check List procedures and will incorporate a detailed walkthrough of these procedures into the AIP Performance Review process. These actions are expected to strengthen compliance and contribute to a reduction in improper payments related to production certifications.

Actions Planned:

As a result of the RMA's program assessment of the Spot Check List procedures, the agency is implementing a Reconciliation Report, which will be made available to Approved Insurance Providers (AIPs). This report is designed to support AIP compliance with Spot Check List requirements while facilitating timely and accurate reporting of results. Additionally, RMA will incorporate a Spot Check List walkthrough into its AIP Performance Review to verify that AIPs are adhering to the required procedures. Together, these initiatives aim to increase awareness, reinforce procedural compliance, and ultimately contribute to the reduction of improper payments.

Additionally, to address improper payments associated with OMB's cause categories of Failure to Access Data/Information and Inability to Access Data/Information RMA will conduct a comprehensive results analysis on a sample of policies that have been reviewed, where the improper payments identified were the result of: 1) calculation errors when determining production to count or 2) policyholder's not being able to support production certifications with acceptable production evidence. Through this comprehensive analysis, RMA will ascertain and compile results data by root cause. Upon completion of this compilation, RMA will implement a targeted mitigation strategy designed to reduce the occurrence of improper payments associated with each root cause category.

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