



United States
Department of
Agriculture

BULLETIN NO.: MGR-04-008.1

Risk
Management
Agency

TO: All Reinsured Companies
All Risk Management Agency Field Offices
All Other Interested Parties

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FROM: Ross J. Davidson, Jr. /s/ *Ross J. Davidson, Jr.* 10/08/04
Administrator

SUBJECT: Emergency Loss Procedures for the 2004 Hurricane and Named
Tropical Storm Damage

BACKGROUND:

On August 24, 2004, RMA approved emergency loss procedures for Hurricane Charley. Hurricane Charley caused catastrophic damage to crops in listed counties in the State of Florida. Subsequent to Hurricane Charley, damage from other hurricanes and named tropical storms have occurred causing catastrophic damage to more crops in additional States and counties.

The Risk Management Agency (RMA) is authorizing emergency loss procedures that will streamline certain loss determinations on specific crops to accelerate the adjustment of losses and issuance of indemnity payments to crop insurance policyholders in the specified affected areas.

ACTION:

RMA hereby authorizes the use of emergency loss procedures in BULLETIN NO.: MGR-04-008 and this bulletin (MGR-04-008.1) to apply to States and counties as specified in Attachment A. Application of the emergency procedures is limited to those situations where the catastrophic nature of the losses is such that authorization of these emergency loss procedures should preserve program integrity and utilization of the existing procedures in counties so extensively damaged would provide no additional benefit.



The Risk Management Agency Administers
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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Other counties may be eligible if such counties were directly affected by a hurricane or named tropical storm occurring during 2004 in a manner similar to the counties named in Appendix A. If a reinsured company believes there are other counties that meet the criteria but have not been listed, they should notify their local RMA Regional Office for an assessment and if the criteria have been met, application of these emergency procedures can be extended to such county or a portion of a county as authorized by the RMA Regional Office.

In addition to the emergency procedures previously authorized in Manager's Bulletin MGR-04-008, the following emergency procedures are authorized for the crops specified below.

(1) COTTON AND TOBACCO:

The stalk inspection may be waived or combined with the final inspection.

(2) COTTON:

All existing loss adjustment procedures found in the AUP & ELS Cotton Loss Adjustment Standards still apply, including appraising potential production and including such in production to count calculations.

3) TOBACCO:

- (a) Loss of electrical power from hurricanes or named tropical storms to curing barns is an insurable cause of loss.
- (b) At the time of loss adjustment, estimate the number of pounds of tobacco damaged by power outages or flooding in the curing barn or on-farm storage facility that has zero value and cannot be properly weighed.
- (c) For production that the loss adjuster certifies is destroyed and has no value, use a certification statement in the narrative of the T-P-C Production Worksheet to waive the requirement to witness the destruction of the damaged tobacco.
- (d) Use warehouse tickets to apply quality adjustment values to tobacco pounds flood damaged in the warehouse if insurable damage had occurred to the tobacco prior to the end of the insurance period.

- (e) Consider all production weighed at the warehouse, but not sold, as production to count. Value such production at the support price unless the insured can establish, to the insurance provider's satisfaction, the amount and value of such tobacco from records such as grade tickets, sales bills, warehouse ledgers, other private insurance settlements, or other similar documentation.

(4) CITRUS FRUIT

- (a) In instances where the damaged fresh citrus fruit of Types IV, V, VI, and VII are to be sold as juice, use the Freeze-Damage Determination Method loss adjustment procedures detailed in the Florida Citrus Fruit Loss Adjustment Standards Handbook to calculate production. This should allow producers to better clear their groves of damaged fruit. To do otherwise would encourage salvageable fruit to remain unharvested and be considered totally lost.
- (b) The Florida Citrus Fruit policy, section 10 (b)(2)(i) states “Citrus fruit will be considered undamaged potential production if it is...(i) Marketed or could be marketed as fresh fruit...” If the fresh market citrus crop cannot be marketed as fresh fruit or juice due to an insurable cause, it is considered lost. Therefore, the appraisal method entitled "Fresh-fruit Hail-scar Damage Method" should be used for fresh market citrus crops (types IV, V, VI, and VII) that suffered hurricane or tropical storm wind scar damage and are not marketable as fresh fruit. However, if the insured harvests any of the crops as fresh fruit, use packing records in lieu of the hail-scar damage method to determine production to count. If marketed as juice refer to 4(a).
- (c) As provided in Bulletin NO.: MGR-04-008, previous crop years' production records may be used to estimate the fruit yield if ground count of downed fruit is impractical. Fruit remaining on the tree must be deducted from the estimated yield and accounted for in the usual manner (packed fresh fruit). Document previous harvest/claim records, calculations, and other pertinent information on a Special Report or in the “Remarks” section of the Production Worksheet (claim form).
- (d) Insurance providers should use an average of 280 lemons per box when calculating fresh lemon production.
- (e) For any citrus crop grown and insured for juice production (types I, II, III and VI) that are harvested, use processor records in lieu of fruit on-tree appraisals for determinations of percent damage.

(5) **NURSERY:**

- (a) Insurance providers may make payments without waiting for a Certification Form stating the plants are destroyed if the loss adjuster certifies that the plants are non-salvageable. Once the loss adjuster has determined the plants are non-salvageable, the plants are deemed to have been destroyed, so no Certification Form is needed. In accordance with paragraph 6B of the Nursery Loss Adjustment Standards Handbook, the loss adjuster shall use a “D” for plants completely destroyed or non-salvageable.
- (b) In certain Florida counties, some insureds received damage from multiple hurricanes or named tropical storms occurring within days or weeks of each other beginning August 12 and ending around September 25, 2004. If the reinsured company is unable to separately determine the damage resulting from each hurricane or named tropical storm, for those hurricanes or named tropical storms where such damage cannot be separately attributed, the losses can be aggregated and treated as one occurrence.

However, if the losses have been determined for one or more of the hurricanes or named tropical storms, any subsequent hurricane or named tropical storm must be considered as a separate occurrence for the purposes of determining the occurrence deductible.

- (c) Insurance providers are reminded that if insureds did not submit a Plant Inventory Value Report (PIVR) by October 1, 2004, their policy will continue using their reported inventory value in effect as of August 31, 2004. In accordance with the 2005 Nursery Crop Insurance Underwriting Guide, Section 12 D(3), insurance providers may revise the PIVR downward after sales closing in order to decrease the values for plants damaged before acceptance of the application or before insurance attaches for carry over policies. If so, premium will be based upon the lower PIVR. Additionally, any associated Peak Inventory Value Reports may also require revisions, as they cannot exceed the adjusted PIVR.

(6) CULTIVATED CLAMS:

In certain Florida counties, some insureds received multiple damage from hurricanes or named tropical storms occurring within days or weeks of each other beginning August 12 and ending around September 25, 2004. If the reinsured company is unable to separately determine the damage resulting from each hurricane or named tropical storm, for those hurricanes or named tropical storms where such damage cannot be separately attributed, the losses can be aggregated and treated as one occurrence. However, if the losses have been determined for one or more of the hurricanes or named tropical storms, any subsequent hurricane or named tropical storm must be considered as a separate occurrence for the purposes of determining the occurrence deductible.

DISPOSAL DATE:

This Manager's Bulletin is for transmitting these emergency loss procedures.

Attachment A

Alabama

Autauga, Baldwin, Bibb, Butler, Chilton, Choctaw, Clarke, Coffee, Conecuh, Covington, Crenshaw, Dallas, Elmore, Escambia, Geneva, Greene, Hale, Lowndes, Marengo, Mobile, Monroe, Montgomery, Perry, Pickens, Sumter, Talladega, Tuscaloosa, Washington and Wilcox.

Florida

All counties except the following:

Bay, Calhoun, Gadsden, Gulf, Franklin, Holmes, Jackson, Jefferson, Lafayette, Liberty, Leon, Taylor, and Wakulla.

Georgia

Appling, Atkinson, Bacon, Baker, Ben Hill, Berrien, Bibb, Bleckley, Brantley, Brooks, Calhoun, Candler, Charlton, Clinch, Coffee, Colquitt, Cook, Crawford, Crisp, Decatur, Dodge, Dooly, Dougherty, Echols, Emanuel, Evans, Grady, Houston, Irwin, Jeff Davis, Johnson, Lanier, Laurens, Lee, Long, Lowndes, Macon, Mitchell, Monroe, Montgomery, Peach, Pierce, Pulaski, Sumter, Tattnall, Taylor, Telfair, Terrell, Thomas, Tift, Toombs, Treutlen, Turner, Twiggs, Ware, Washington, Wayne, Webster, Wheeler, Wilcox, Wilkinson and Worth.

North Carolina

Avery, Haywood, and McDowell.