

United States
Department of
Agriculture



Federal Crop
Insurance
Corporation




Product
Development
Division

CORN LOSS ADJUSTMENT STANDARDS HANDBOOK

FCIC-25080 (07-1998)
FCIC-25080-1 (06-2000)

2000 and Succeeding Crop Years

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

FEDERAL CROP INSURANCE HANDBOOK		NUMBER: 25080 (07-1998) 25080-1 (06-2000)
SUBJECT: CORN LOSS ADJUSTMENT STANDARDS HANDBOOK 2000 AND SUCCEEDING CROP YEARS	DATE: June 5, 2000	
	OPI: Product Development Division	
	APPROVED:  Administrator, Risk Management Agency	

THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED LOSS ADJUSTMENT STANDARDS FOR THIS CROP FOR THE 2000 AND SUCCEEDING CROP YEARS. IN THE ABSENCE OF INDUSTRY-DEVELOPED, FCIC-APPROVED PROCEDURE FOR THIS CROP FOR 2000 AND SUCCEEDING CROP YEARS, ALL REINSURED COMPANIES WILL UTILIZE THESE STANDARDS FOR BOTH LOSS ADJUSTMENT AND LOSS TRAINING.

SUMMARY OF CHANGES/CONTROL CHART

Major Changes: See changes or additions in text which have been redlined. Three stars (***) identify information that has been removed.

Changes for Crop Year 2000 (FCIC-25080-1) issued June 2000:

- (1) Changed the instructions to measure row width in section 13, to using four or more rows.
- (2) Changed text in section 13 for the adjuster to take not less than the "required" minimum number of representative samples in lieu of "recommended".
- (3) Deleted references in section 21 to Posted County Price in the narrative and substituted Local Market Price. The Local Market Price is defined in the crop provisions.
- (4) Deleted text in section 21 that referenced the combination of using Reduction in Value (RIV) with pre-established discount factors (item R).
- (5) Added a note in section 21, item 16 and item S, to provide for instructions when separate line entries are made on the claim form.

CORN LOSS ADJUSTMENT STANDARDS HANDBOOK

SUMMARY OF CHANGES/CONTROL CHART (con't)

CONTROL CHART FOR: CORN LOSS ADJUSTMENT STANDARDS HANDBOOK						
	SC Page(s)	TC Page(s)	Text Page(s)	Exhibit(s)	Date	Directive Number
Remove	1-2		1-2 5-6 15-16 65-66 73-74		07-1998 07-1998 07-1998 07-1998 07-1998	FCIC-25080 FCIC-25080 FCIC-25080 FCIC-25080 FCIC-25080
Insert	1-2		1-2 5-6 15-16 65-66 73-74.2		06-2000 06-2000 06-2000 06-2000 06-2000	FCIC-25080-1 FCIC-25080-1 FCIC-25080-1 FCIC-25080-1 FCIC-25080-1
Current Index	1-2	1-2	1-2 3-4 5-6 7-14 15-16 17-64 65-66 67-72 73-74.2 75-84	1-(85-86) 2-(87-88) 3-(89-90) 4-(91-92) 5-(93-94) 6-(95-96) 7-(97-98) 8-(99-100) 9-(101-102) 10-(103-104) 11-(105-106)	06-2000 07-1998 06-2000 07-1998 06-2000 07-1998 06-2000 07-1998 06-2000 07-1998 06-2000 07-1998 07-1998 07-1998 07-1998 07-1998 07-1998 07-1998 07-1998 07-1998 07-1998 07-1998	FCIC-25080-1 FCIC-25080 FCIC-25080-1 FCIC-25080 FCIC-25080-1 FCIC-25080-1 FCIC-25080 FCIC-25080-1 FCIC-25080-1 FCIC-25080 FCIC-25080-1 FCIC-25080 FCIC-25080 FCIC-25080 FCIC-25080 FCIC-25080 FCIC-25080 FCIC-25080 FCIC-25080 FCIC-25080 FCIC-25080 FCIC-25080

PART 1 GENERAL

1 PURPOSE

This handbook identifies the crop-specific procedural requirements for adjusting Multiple Peril Crop Insurance (MPCI) corn losses in a uniform and timely manner. These procedures, which include crop appraisal methods and claims completion instructions, supplement the general (not crop-specific) procedures, forms, and manuals for loss adjustment identified in the Loss Adjustment Manual (LAM).

2 SPECIAL INSTRUCTIONS

This handbook remains in effect until superseded by reissuance of **either** the entire handbook **or** selected portions (through slipsheets or bulletins). If slipsheets have been issued for a handbook, the original handbook as amended by slipsheet pages shall constitute the handbook. A bulletin can supersede either the original handbook or subsequent slipsheets.

3 OPERATING POLICY

- A Insurance Providers. Insurance providers must use this handbook as a basis for developing any appropriate loss adjustment procedures and training consistent with these standards in this handbook. Insurance providers may find it necessary to provide additional internal guidelines or procedures for adjusting losses on their insurance contracts. Any additional guidelines or procedures will require Federal Crop Insurance Corporation (FCIC) approval unless otherwise provided in writing by FCIC.
- B Specific Entry Standards. These standards are entry-specific to generic forms. Insurance providers' forms and procedures are to comply with the FCIC standards in at least an equivalent manner.

4 ABBREVIATIONS

APH	Actual Production History
CAT	Catastrophic Risk Protection
CIH	Crop Insurance Handbook
FSA	Farm Service Agency
FCIC	Federal Crop Insurance Corporation
GLAS	General Loss Adjustment Standards (also LAM)
LAM	Loss Adjustment Manual (also GLAS)
MPCI	Multiple Peril Crop Insurance
RMA	Risk Management Agency
RO	Regional Office
USDA	United States Department of Agriculture

5 FORMS AND PROCEDURES

- A Insurance Providers. Insurance providers are to use FCIC-approved standard procedures in developing procedures, training, forms, and completion instructions. All procedures, forms, and completion instructions must be submitted for approval in accordance with the FCIC-24030, Submission Standards Handbook.
- B General Forms and Manuals. General forms and manuals (or their equivalent) necessary for loss adjustment are identified in the LAM.
- C Distribution. One legible copy to the insured. The original and all remaining copies as instructed by the insurance provider.

NOTE: It is the insurance provider's responsibility to maintain original insurance documents relative to policyholder servicing as designated in the approved plan of operations.

6 DEFINITIONS

- A General. Terms and definitions that are general (not crop specific) to loss adjustment are identified in the LAM.
- B Specific. Terms and definitions specific to corn loss adjustment and this handbook, which are not defined in this section, are defined as they appear in the text.

- (b) Silage but not grain, all insurable corn acreage will be insured, appraised, and adjusted on a silage basis. Corn harvested as grain must be appraised as silage prior to harvest. The silage appraisal will be eligible for grain deficiency quality adjustment, as applicable, and will be adjusted for low silage moisture as required. Failure to obtain a silage appraisal before harvesting the acreage for grain will result in a declaration that such acreage is destroyed without consent and at least the production guarantee will be assessed for those acres.

- (c) Grain and silage:
 - 1 For all insurable acreage which will remain unharvested or is harvested as the type reported on the acreage report, all insurable corn will be insured, appraised and adjusted on the basis shown on the acreage report (exception--a silage-only corn variety is insurable only as silage). Normal quality adjustment procedures apply.
 - a In counties for which the actuarial documents provides a non-irrigated silage premium rate but not a non-irrigated grain premium rate, if the insured reports acreage for non-irrigated silage but plans to harvest such acreage for grain, the Special Provisions require that silage appraisals be made. Failure to obtain a silage appraisal before harvesting the acreage for grain will result in a declaration that such acreage is put to other use without consent and at least the production guarantee will be assessed for those acres.
 - b The production must be corrected to standard moisture (harvested and appraised silage is adjusted up to at least 65 percent moisture, while grain is adjusted down to 15.0 percent moisture).
 - c Unharvested production (that will remain unharvested) is adjusted appropriately for the type reported on the acreage report.

 - 2 APH yields are to reflect the reported type.

 - 3 Acreage reports are not to be revised to change corn types after the final acreage reporting date.

- 4 Corn planted for silage which produces few or no ears due to UNINSURED causes (i.e., growing season length requirements longer than that normally available in the area, varieties genetically selected to not produce grain, etc.) is NOT eligible for adjustment for grain deficiency.

NOTE: Please refer to the Special Provisions for additional information.

B Unit Division. See the insurance contract for unit provisions. NOTE: Unless limited by the Crop or Special Provisions, a basic unit, as defined in the Basic Provisions, may be divided into optional units if, for each optional unit, all the conditions stated in the applicable provisions are met.

C Quality Adjustment

- (1) Refer to the LAM for information on contract prices in quality adjustment. THE QUALITY ADJUSTMENT FACTOR CANNOT BE GREATER THAN 1.000.
- (2) Document quality adjustment information as described in the instruction for the “Narrative” section of the claim form (section 21).
- (3) For additional quality adjustment definitions, instructions, qualifications, and testing requirements; refer to the LAM and the Official United States Standards for Grain.
- (4) The adjuster must refer to the Special Provisions if production is eligible for quality adjustment as identified in the Coarse Grains Crop Provisions.
- (5) Moisture adjustment is applied prior to any qualifying quality adjustment factors such as test weight, kernel damage, etc. A corn moisture adjustment chart is in Exhibit 11. Moisture adjustment results in a reduction in production to count of 0.12 percent for each 0.1 percent moisture in excess of 15.0 through 30.0 percent and 0.2 percent reduction for each 0.1 percent above 30.0 percent.
- (6) When due to insurable cause(s), use of quality adjustment for corn is handled by determining the appropriate discount factors, summing them together, if applicable, and subtracting from 1.000 to obtain the applicable Quality Adjustment Factor (percent of production to count). See the Special Provisions for chart discount factors, instructions for calculating non-chart discount factors, and other discounts allowed. Also, refer to the LAM for examples and guidance in determining reduction in values (RIV’s) to determine non-chart discount factors.
- (7) If a local market cannot be found for the corn, refer to the LAM.
- (8) For corn for which RIV’s apply, and which can be conditioned/reconditioned, see the Special Provisions for instructions.

PART 2 - CORN APPRAISALS**12 GENERAL APPRAISAL STANDARDS****A General Instructions**

- (1) The following are directions for appraising potential production of corn according to growth stages through maturity. Appraisals are to be made on the basis of the type (grain or silage) reported on the acreage report.
- (2) ANY DEVIATIONS IN THE APPRAISAL METHODS REQUIRE FCIC WRITTEN AUTHORIZATION (as described in the LAM).

B As specified in the LAM, appraisals are to be made:

- (1) For uninsured causes of loss. Such appraisals will NOT be used for actual production history (APH) purposes. For additional information contact the insurance provider.
- (2) For damage such as hail, flooding, etc., defer such appraisals to a later date in order to assess crop recovery and to obtain more accurate appraisals. Refer to the LAM for further instruction on deferred appraisals.
- (3) Refer to the LAM for additional reasons for appraisals.

13 SAMPLE SELECTION STANDARDS**A Selecting Representative Samples for Appraisals**

- (1) Determine the minimum number of required samples for a field or subfield by the field size, the average stage of growth, age (size) and general capabilities of the plants, and variability of potential production and plant damage within the field or subfield.
- (2) Split the field into subfields when:
 - (a) variable damage causes the crop potential to appear to be significantly different within the same field; or
 - (b) the insured wishes to destroy a portion of a field.
- (3) Each subfield must be appraised separately.
- (4) Take not less than the minimum number (count) of representative samples required in subsection B below.

B Minimum Representative Sample Requirements

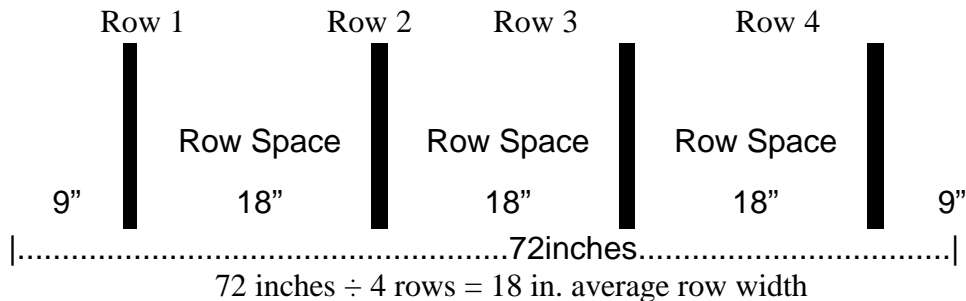
ACRES IN FIELD OR SUBFIELD	MINIMUM NO. OF SAMPLES
0.1 - 10.0	3
10.1 - 40.0	4
Add one additional sample for each additional 40.0 acres (or fraction thereof) in the field or subfield.	

C Measuring Row Width for Sample Selection

Use these instructions for all appraisal methods.

- (1) Use a measuring tape marked in inches or convert a tape marked in tenths, to inches, to measure row width (see LAM for conversion table).
- (2) Measure across FOUR OR MORE rows, from the center of the first row space to the center of the fourth row space (or as many rows as needed), and divide the result by the number of rows measured across, to determine an average row width in whole inches.

EXAMPLE:



- (3) Apply the average row width to the table in Subparagraph D, to determine the sample row length required for the sample row.
- (4) When two or more rows are used for a pattern, divide the length of a single row pattern by the number of rows in the pattern. The combined length of all rows must equal the single row length.
- (5) Where rows are skipped for tractor and planter tires, refer to the LAM.

- O **Total to Count** Column "C or C₁" (**actual** acres) times Column "N" rounded to tenths.
- P **Per Acre** Per Acre Guarantee - Enter the per-acre production guarantee (to tenths) from the insured's policy.
- Q **Total** Column "C₂" (**reported** acres) times Column "P" ("C" if acreage is not under-reported).

NOTE: The following instructions apply if the insurance provider has given instructions for a one page production worksheet for corn insured as grain and silage within the same unit. Draw a horizontal line in Column Q. Tons will be totalled and entered in upper part of box and bushels will be totalled and entered in the lower part of box.

- 16 **Total Acres** P MAKE NO ENTRY.
- R&F Total Actual Acres [Column "C" (or "C₁" if there are under reported acres)], to tenths.

NOTE: FOR ITEM 17. WHEN SEPARATE LINE ENTRIES ARE MADE FOR VARYING SHARES, STAGES, PRICE ELECTIONS, TYPES, ETC., WITHIN THE UNIT, AND TOTALS NEED TO BE KEPT SEPARATE FOR CALCULATING INDEMNITIES, MAKE NO ENTRY AND FOLLOW THE INSURANCE PROVIDER'S INSTRUCTIONS; OTHERWISE, MAKE THE FOLLOWING ENTRIES.

- 17 **Totals** P MAKE NO ENTRY.
- R&F Totals of Column "O" and Column "Q."

NOTE: The following instructions apply if the Insurance Provider has given instructions for a one page production worksheet for corn insured as grain and silage within the same unit. Draw a horizontal line in Column 17. Tons will be totalled and entered in upper part of box and bushels will be totalled and entered in the lower part of box.

NARRATIVE:

If more space is needed, document on a Special Report, and enter "See Special Report." Attach the Special Report to the Production Worksheet.

- a Document the appraisal (plus appraisal for uninsured causes of loss, if applicable) for replanted acreage, and the calculations to show that the qualification for a replant payment have been met. See section 9.
- b If any acreage to be replanted in the unit does not qualify for a replanting payment, enter Field No., "NOT QUAL FOR RP PAYMENT," date of inspection, adjuster's initials, and reason not qualified.
- c If no acreage is released on the unit, enter "No acreage released," adjuster's initials, and date.

- d If notice of damage was given and "No Inspection" is necessary, enter the unit number(s), "No Inspection," date, and adjuster's initials. The insured's signature is not required.
- e Explain any uninsured causes, unusual, or controversial cases.
- f If there is an appraisal in Section I, item M for uninsured causes due to a hail/fire exclusion, show the original hail/fire liability per acre and the hail/fire indemnity per acre.
- g State that there is "No other fire insurance" when fire damages or destroys the insured corn crop and it is determined that the insured has no other fire insurance. Also refer to the LAM.
- h Explain any errors found on the Summary of Coverage.
- i Explain any commingled production. Refer to the LAM.
- j Explain any entry for "Production Not to Count" in Section II, item "O," and/or any production not included in Section II, item I or item B - E entries (e.g., harvested production from uninsured acreage that can be identified separately from the insured acreage in the unit).
- k Explain any ".000" QA factor entered in items L and R. Explain any deficiencies, substances, or conditions that are allowed for quality adjustment, as well as any which were not allowed. Also enter the RIV's and local market price used in establishing the QA factor for mature appraised production. Document any excess transportation costs or conditioning costs used to determine the QA factor.
- l Explain a "NO" checked in item 19.
- m Attach a sketch map or aerial photograph to identify the total unit:
- (1) If consent is or has been given to put part of the unit to another use or to replant;
 - (2) If acreage has been replanted to a practice uninsurable as an original practice;
 - (3) If uninsured causes are present; or
 - (4) For unusual or controversial cases.
- NOTE:** Indicate on the sketch map or aerial photo, the disposition of acreage destroyed or put to other use with or without consent.
- n Explain any difference between date of inspection and signature dates. For an ABSENTEE insured, enter the date of the inspection AND the date of mailing the form for signature.

THIS ENTRY MUST NEVER EXCEED PRODUCTION SHOWN ON THE SAME LINE. EXPLAIN THE TOTAL BIN CONTENTS (BIN GRAIN DEPTH, ETC.) AND ANY "PRODUCTION NOT TO COUNT" IN THE NARRATIVE.

NOTE: Make no entry if only the depth for production to count has been entered in column D, and the depth for production not to count has been entered in the narrative. Refer to the sample in the LAM.

P Production Result of subtracting the entry in Column "O" from Column "N," to tenths.

Q₁ Value When applicable, enter the Reduction in Value. RIV must be limited to amounts that are usual, customary, and reasonable. (Refer to the Special Provisions and the LAM for further instructions).

NOTE: DO NOT make an entry when the Quality Adjustment factor can be obtained from the charts in the Special Provisions.

Q₂ Market Value If an entry is in item "Q₁," enter the Local Market Price for U.S. Grade No. 2 Corn (refer to the crop provisions). Refer to the LAM for further instructions.

NOTE: DO NOT make an entry when the Quality Adjustment factor can be obtained from the charts in the Special Provisions.

R Quality Factor For production eligible for quality adjustment, enter the 3-digit quality adjustment factor determined by subtracting the result of Q₁ divided by Q₂ from 1.000, **or 1.000 minus the discount factor(s) obtained from the Special Provisions.**

**25 Adjuster's
Signature, Code
#, and Date**

Signature of adjuster, code number, and date signed **after** the insured (or insured's authorized representative) has signed. For an absentee insured, enter adjuster's code number **ONLY**. The signature and date will be entered **AFTER** the absentee has signed and returned the Production Worksheet.

NOTE: Final indemnity inspections and final replanting payment inspections should be signed on bottom line.

(RESERVED)