



Federal Crop
Insurance



Product
Development
Division

FCIC-25110 (08-1999)
FCIC-25110-1 (02-2000)
FCIC-25110-2 (02-2002)

DRY BEAN LOSS ADJUSTMENT STANDARDS HANDBOOK

2002 and Succeeding Crop Years

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

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| FEDERAL CROP INSURANCE HANDBOOK | NUMBER: 25110 (08-1999) 25110-1 (02-2000) 25110-2 (02-2002) |
| SUBJECT: DRY BEANS LOSS ADJUSTMENT STANDARDS HANDBOOK 2002 AND SUCCEEDING CROP YEARS | DATE: February 12, 2002 |
| | OPI: Product Development Division |
| | /s/ Tim B. Witt Administrator, Research and Development |

THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED LOSS ADJUSTMENT STANDARDS FOR THIS CROP FOR THE 2002 AND SUCCEEDING CROP YEARS. IN THE ABSENCE OF INDUSTRY-DEVELOPED, FCIC-APPROVED PROCEDURE FOR THIS CROP FOR 2002 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 February 2002 issuance (FCIC-25100-2):

- A. Added definitions from the United States Standards for Beans.
- B. Added instructions in Section II, K₁ to address split beans.
- C. Added examples and exhibits to Reference Material.

DRY BEAN LOSS ADJUSTMENT STANDARDS HANDBOOK

SUMMARY OF CHANGES/CONTROL CHART (Continued)

| Control Chart For: Dry Bean Loss Adjustment Standards Handbook Slipsheets | | | | | | |
|---|---------------|---------------|-----------------|-----------------------|---------|---------------------|
| | SC Page(s) | TC Page(s) | Text Page(s) | Reference Material | Date | Directive Number |
| Remove | 1-2 | | 1-2 | | 02-2000 | FCIC-25110-1 |
| | | | 35-36 | | 08-1999 | FCIC-25110 |
| | | | | | 08-1999 | FCIC-25110 |
| Insert | 1-2 | | 1-2.2 | 51-55 | 02-2002 | FCIC-25110-2 |
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1. INTRODUCTION

This handbook identifies the crop-specific procedural requirements for adjusting Multiple Peril Crop Insurance (MPCI) 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This handbook remains in effect until superseded by reissuance of **either** the entire handbook **or** selected portions (through slipsheets or bulletins).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.

A. DISTRIBUTION

The following is the minimum distribution of forms completed by the adjuster for the loss adjustment inspection:

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 their approved plan of operations.

B. TERMS, ABBREVIATIONS, AND DEFINITIONS

- (1) Terms, abbreviations, and definitions **general** (not crop specific) to loss adjustment are identified in the LAM.
- (2) Terms, abbreviations, and definitions **specific** to dry bean loss adjustment and this handbook, which are not defined in this section, are defined as they appear in the text.
- (3) Definition(s):

Beans (From the United States Standards for Beans) Dry threshed field and garden beans, whole, broken, and split, commonly used for edible purposes.
(From the crop provisions) Dry beans and contract seed beans.

Clean Seed Equivalent Appraised or harvested production of Contract Seed Beans which meets the minimum quality requirements contained in the seed bean processor contract

NOTE: Production that does not meet the minimum quality requirements contained in the contract due to uninsured causes will be considered production to count regardless of quality.

Damaged Beans (From the United States Standards for Beans) Beans and pieces of beans that are damaged by frost, weather, disease, weevils or other insects, or other causes.

Badly Damaged Beans (From the United States Standards for Beans) Beans and pieces of beans that are materially damaged or discolored by frost, weather, disease, weevils or other insects, or other causes so as to materially affect the appearance and quality of the beans.

Defects (From the United States Standards for Beans) For the classes of Baby Lima and miscellaneous Lima beans shall be damaged beans, contrasting classes, and foreign material. Defects for all other classes of beans shall be splits, damaged beans, contrasting classes, and foreign material.

Dry Beans The crop defined by the United States Standards for Beans excluding contract beans.

Foreign Material (From the United States Standards for Beans) Stones, dirt, weed seeds, cereal grains, lentils, peas, and all matter other than beans.

Harvest Combining the beans. Beans, which are swathed or knifed prior to combining, are not considered harvested.

Pick A term used by the industry to refer to defects in beans.

Splits (From the United States Standard for Beans) Pieces of beans that are not damaged, each of which consists of three-fourths or less of the whole bean, and shall include any sound bean the halves of which are held together loosely.

Swathing or Knifing Severance of the bean plant from the ground, including the pods and beans, and placing them into windrows.

3. INSURANCE CONTRACT INFORMATION

The insurance provider is to determine that the insured has complied with all policy provisions of the insurance contract. Crop provisions, which are to be considered in this determination, include (but are not limited to):

A. INSURABILITY

(1) The crop insured will be all the beans in the county in which the insured has a share, and for which a premium rate is provided by the actuarial documents, and that are;

- (a) Planted for harvest as dry beans or, if applicable, contract seed beans, provided that the seed bean processor contract is executed on or before the acreage reporting date;
- (b) Not volunteer beans;
- (c) Not interplanted with another crop, or planted into an established grass or legume (unless allowed by the Special Provisions or by written agreement).

(2) For contract seed beans only:

- (a) Dry bean acreage planted for the purpose of seed production that is under contract with a seed company (the contract does meet the requirement for insurability), the contract was executed on or before the acreage reporting date and is reported as contract seed on the acreage report will be insured as contract seed. If the terms of the seed contract do not meet the requirement for insurability, the acreage may only be insured as dry beans

NOTE: An instrument in the form of a "lease" under which the insured retains control of the acreage on which the insured crop is grown and that provides for delivery of the crop under substantially the same terms as a seed bean processor contract may be treated as a contract under which the insured has an insurable interest in the crop.

INTENTIONALLY LEFT BLANK

- G. **Conversion Factor:** Enter Conversion Factor as .8 (only if structure measurements are entered).
- H. **Gross Prod.:** Multiply Column "F" times Column "G," rounded to tenths of a bushel.
- I. **Bu., Ton, Lbs., Cwt.:** Circle "Lbs." in column heading.

Dry Beans - Enter the gross production in whole pounds before deductions for moisture and foreign material (FM), for production:

- a. Weighed and stored on the farm.
- b. Sold and/or Stored in commercial storage - Obtain gross production for the UNIT from the summary and/or settlement sheets. (Individual load slips only WILL NOT suffice unless the storage facility or buyer WILL NOT provide summary and/or settlement sheets to the insured, and this is documented in the narrative.)
- c. Stored in odd-shaped structures. The adjuster must compute the amount of gross production. (Refer to the LAM for cubic footage and production computations). A copy of ALL production calculations must be left in the file folder.

NOTE: For farm-stored production, calculate the pounds of production as follows:
Column "H" times Column "M₁" (actual test weight) rounded to the nearest whole pound.

- d. For mycotoxin-infected dry beans, enter ALL production even if it has no market value.

Contract Seed Beans - Enter in whole pounds of clean-seed equivalent, the production as computed below:

- a. Determine the value of harvested contract seed bean production to count, by variety, on a line basis. For both clean-seed production, and production which is not clean seed, add the amount received for sold production to the dollar value of unsold production (nearest whole dollar).

The value of contract seed bean production to count for each variety in the unit will be determined as follows:

- (1) For production MEETING the minimum quality requirements contained in the seed bean processor contract AND for production that does not meet such requirements due to UNINSURED causes, multiply the actual value per pound or base price per pound, whichever is greater, by the number of pounds of such production.
 - (2) For production NOT MEETING the minimum quality requirements contained in the seed bean processor contract due to INSURABLE causes, multiply the actual value per pound by the number of pounds of such production.
- b. Sum the results obtained in a. (1) and a. (2) above. The result is the total value of the contract seed production to count.

- c. Divide the total value of production to count by the base price to determine whole pounds of clean seed equivalent, and enter the result.
- d. Include in the narrative a statement, which indicates the basis for pounds to count of clean-seed equivalent determined in step “c” above.

J. **Shell/Sugar Factor:** MAKE NO ENTRY.

K₁. **FM%:** Make entry to nearest tenth for ONLY foreign material (as applicable), which the BUYER has deducted (or will deduct if such production has not been sold). If the elevator has averaged foreign material on the settlement/summary sheet, refer to the LAM for instructions. Splits, in accordance with the United States Standards for Beans, are considered as beans and shall not be subtracted on a weight basis from the gross production as “FM”.

The terms “dockage” and “foreign material” are often used by buyers to describe the same non-grain material depending on the geographic area of the country. Refer to the United States Standards for Beans and the LAM.

K₂. **Factor:** Enter the three-place factor determined by subtracting the percent of FM from 1.000, or subtract the entry in K₁ from 100 and divide by 100. **EXAMPLE:** For 4 percent, enter “.960.”

L₁. **Moisture %:** Enter moisture percent to tenths. Moisture adjustment is applied prior to any qualifying quality adjustment factors. Make no entry for contract seed beans.

L₂. **Factor:** If bean moisture is more than 18.0 percent, enter the four-place moisture factor from the moisture adjustment factor table (TABLE D). Make no entry for contract seed beans.

M₁. **Test Wt.:** Enter test weight (ONLY when storage structure measurements are entered) in whole pounds (or pounds to tenths IF so instructed by the insurance provider). Refer to the LAM for instructions on determining test weight.

M₂. **Factor:** MAKE NO ENTRY.

NOTE: The dry beans have been converted to actual pounds in Column “T” above; therefore, no further adjustment is necessary.

N. **Adjusted Production:** Result of multiplying “T” x “K₂” x “L₂”. (Round to whole pounds).

NOTE: The test weight factor is not used in this step. The production was previously converted to the actual whole pounds in Column “T” (refer to Column “I c”).

O. **Production Not to Count:** Net production NOT to count, in whole pounds, WHEN ACCEPTABLE RECORDS IDENTIFYING SUCH PRODUCTION ARE AVAILABLE, from harvested acreage which has been assessed an appraisal of not less than the guarantee per acre, or from other sources (e.g., other units or uninsured acreage) in the same storage structure (if the storage entries include such production).

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.

EXAMPLE 3:

There is NOT a conversion factor table in the actuarial document for this county. In this example the insured has delivered a load of great northern beans to the warehouse. For insurance purposes only, splits, contrasting classes, and foreign material are not to be considered when determining grade. This is an example of a scale ticket.

NOTE: The amount of damaged beans must be determined by a grader licensed to grade dry beans under the authority of the United States Agricultural Marketing Act or the United States Warehouse Act, or by a laboratory approved by the insurance provider, for substances or conditions present that are identified as injurious to human or animal health. All samples must be obtained by the insurance provider or by a disinterested third party approved by the insurance provider.

| --WAREHOUSE SCALE TICKET-- | | | |
|-----------------------------------|-----------------------|----------|--------------------|
| Date 9-18-YY | | | No. 2940 |
| Owner's Name: I.M. INSURED | | | |
| Address: ANY TOWN, ANY STATE | | | |
| Kind | GREAT NORTHERN | | Grade #1 |
| | | | Moist. % |
| Splits 8.5 % | Pick 3.9 % | FM 2.7 % | Check Seed Coats % |
| TOTAL DOCKAGE % | | PRICE \$ | |
| 47980 lb. Gross Vehicle & Grain | | | |
| 15770 lb. Total Vehicle | | | |
| 32210 lb. Gross Grain | | | |
| 4864 lb. Dockage | | | |
| 27346 lb. Net Grain | | | |
| Comments: | | | |

The sample was submitted to a licensed dry bean grader with the following results: (Refer to Exhibit 1)

Split Beans - 8.5%; Damaged Beans - 3.9%; Contrasting Classes - 0.6%;
 Foreign Material - 2.7%,
Total Defects – 15.7.

Referencing the United States Standards for Beans and the Dry Bean Crop Provisions, this sample would NOT qualify for quality adjustment. Policy provisions allow for quality adjustment if the beans are damaged or badly damaged. Considering only damage (3.9%) to determine the grade, the grade would be U.S. No. 2. The sample must grade U.S. No. 3 or worse to qualify for quality adjustment. (Refer to Exhibit 3.)

NOTE: %FM is deducted from the gross weight prior to quality adjustment.

EXAMPLE 4:

There is a conversion factor table in the actuarial document for this county. In this example the buyer has delivered a load of great northern beans to the warehouse. This is an example of a scale ticket.

NOTE: The amount of damaged beans must be determined by a grader licensed to grade dry beans under the authority of the United States Agricultural Marketing Act or the United States Warehouse Act, or by a laboratory approved by the insurance provider. All samples must be obtained by the insurance provider or by a disinterested third party approved by the insurance provider.

| --WAREHOUSE SCALE TICKET-- | | | |
|-------------------------------------|------------------------------|-----------------|--------------------|
| Date <u>9-18-01</u> | | | No. <u>2940</u> |
| Owner's Name: <u>I.M. INSURED</u> | | | |
| Address: <u>ANY TOWN, ANY STATE</u> | | | |
| Kind | <i>GREAT NORTHERN</i> | | Grade #1 |
| | | | Moist. % |
| Splits <u>8.5 %</u> | Pick <u>3.9 %</u> | FM <u>2.7 %</u> | Check Seed Coats % |
| TOTAL DOCKAGE % | | PRICE \$ | |
| <u>47980 lb.</u> | Gross Vehicle & Grain | | |
| <u>15770 lb.</u> | Total Vehicle | | |
| <u>32210 lb.</u> | Gross Grain | | |
| <u>4864 lb.</u> | Dockage | | |
| <u>27346 lb.</u> | Net Grain | | |
| Comments: _____ | | | |

The sample was submitted to a licensed dry bean grader with the following results: (refer to Exhibit 1)

Split Beans - 8.5%; Damaged Beans - 3.9%; Contrasting Classes - 0.6%;
 Foreign Material - 2.7%,
Total Defects – 15.7.

Referencing the United States Standards for Beans and the Dry Bean Crop Provisions, this sample would qualify for quality adjustment, according to (Section 13e (2) (i) of the Dry Bean Crop Provisions).

From the example of the Official Grade Certificate (Exhibit 1); splits (8.5%), damage (3.9%), and contrasting classes (0.6%) = 13.0%.

QA factor from the conversion factor table = .72 (Exhibit 2)

NOTE: % FM is deducted from the gross weight prior to quality adjustment.

EXHIBIT 2

EXAMPLE OF OFFICIAL GRADE CERTIFICATE

| | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|--------|-----|---|----------------|-----|---|---------------------|-----|---|--------------------------|-----|---|---------------|------|---|--------|-----|---|----------|------|---|--------------------|-----|---|
| UNITED STATES DEPARTMENT OF AGRICULTURE FEDERAL GRAIN INSPECTION SERVICE | | | | | | | | | | | | | | | | | | | | | | | | | | |
| COMMODITY CERTIFICATE SUBMITTED SAMPLE INSPECTION | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DATE OF ISSUANCE January 7, 2002 | ISSUED AT Kansas City, Missouri | LEVEL OF INSPECTION ORIGINAL | | | | | | | | | | | | | | | | | | | | | | | | |
| COMMODITY | | QUANTITY OF SAMPLE | | | | | | | | | | | | | | | | | | | | | | | | |
| Great Northern Beans | | 1,828 grams | | | | | | | | | | | | | | | | | | | | | | | | |
| IDENTIFICATION OF SAMPLE | | SAMPLE SUBMITTED BY | | | | | | | | | | | | | | | | | | | | | | | | |
| FSN 1234 | | I.M. INSURED ANYTOWN, ANY STATE | | | | | | | | | | | | | | | | | | | | | | | | |
| U.S. Substandard Grade Great Northern Beans | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Splits</td> <td style="width: 20%; text-align: right;">8.5</td> <td style="width: 20%; text-align: right;">%</td> </tr> <tr> <td>(Total) Damage</td> <td style="text-align: right;">3.9</td> <td style="text-align: right;">%</td> </tr> <tr> <td>Contrasting Classes</td> <td style="text-align: right;">0.6</td> <td style="text-align: right;">%</td> </tr> <tr> <td>(Total) Foreign Material</td> <td style="text-align: right;">2.7</td> <td style="text-align: right;">%</td> </tr> <tr> <td>Total Defects</td> <td style="text-align: right;">15.7</td> <td style="text-align: right;">%</td> </tr> <tr> <td>Stones</td> <td style="text-align: right;">0.0</td> <td style="text-align: right;">%</td> </tr> <tr> <td>Moisture</td> <td style="text-align: right;">11.9</td> <td style="text-align: right;">%</td> </tr> <tr> <td>Classes that Blend</td> <td style="text-align: right;">0.0</td> <td style="text-align: right;">%</td> </tr> </table> | | | Splits | 8.5 | % | (Total) Damage | 3.9 | % | Contrasting Classes | 0.6 | % | (Total) Foreign Material | 2.7 | % | Total Defects | 15.7 | % | Stones | 0.0 | % | Moisture | 11.9 | % | Classes that Blend | 0.0 | % |
| Splits | 8.5 | % | | | | | | | | | | | | | | | | | | | | | | | | |
| (Total) Damage | 3.9 | % | | | | | | | | | | | | | | | | | | | | | | | | |
| Contrasting Classes | 0.6 | % | | | | | | | | | | | | | | | | | | | | | | | | |
| (Total) Foreign Material | 2.7 | % | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Defects | 15.7 | % | | | | | | | | | | | | | | | | | | | | | | | | |
| Stones | 0.0 | % | | | | | | | | | | | | | | | | | | | | | | | | |
| Moisture | 11.9 | % | | | | | | | | | | | | | | | | | | | | | | | | |
| Classes that Blend | 0.0 | % | | | | | | | | | | | | | | | | | | | | | | | | |
| END OF RESULTS | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RESULTS OF THE ABOVE INSPECTION APPLY ONLY TO THE QUANTITY OF THE SAMPLE INDICATED AND NOT TO THE COMMODITY FROM WHICH THE SAMPLE MAY HAVE BEEN TAKEN. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| I CERTIFY THAT THE SERVICES SPECIFIED ABOVE WERE PERFORMED WITH THE RESULTS STATED. | | INSPECTOR I.M. INSPECTOR | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |

EXHIBIT 3

EXAMPLE OF A CONVERSION FACTOR (PICK) TABLE IN THE SPECIAL PROVISIONS

Conversion factors to be used in accordance with the provisions of the insurance policy for adjusting threshed production of dry beans:

| Section I | Class of Beans | Grade | Factor |
|-----------------------------------|------------------|--------------------|--------|
| | Great Northern | U.S. No. 3 | .91 |
| | Pinto | U.S. No. 3 | .90 |
| | Pink | U.S. No. 3 | .90 |
| | Light Red Kidney | U.S. No. 3 | .90 |
| | Small Whites | U.S. No. 3 | .90 |
| Section II. Great Northern | | | |
| Percent of Defects | Factor | Percent of Defects | Factor |
| 7 | .87 | 14 | .70 |
| 8 | .85 | 15 | .67 |
| 9 | .82 | 16 | .65 |
| 10 | .80 | 17 | .63 |
| 11 | .77 | 18 | .60 |
| 12 | .75 | 19 | .58 |
| 13 | .72 | 20 | .55 |

If the grade of the applicable type is less than the grade shown on the conversion table in Section I, or the percent of defects exceeds the % shown in Section II for the applicable type, the value per pound of the damaged or conditioned production will be divided by the Local Market Price of US #2 grade beans of the type to determine the quality adjustment factor.

EXHIBIT 4

EXAMPLE OF U.S. STANDARDS FOR BEANS

137 Grades and grade requirements for the classes Marrow, Great Northern, Small White, Flat Small White, White Kidney, Light Red Kidney, Dark Red Kidney, Small Red, Pink, Black, and Miscellaneous Beans

| | | PERCENT MAXIMUM LIMITS OF: | | | | | | |
|-------------------|---|----------------------------|--|---------------|-------------------------|--------|-------------------------|------------------------|
| GRADE | GENERAL APPEARANCE | MOISTURE [1] | TOTAL DEFECTS(TOTAL DAMAGE, TOTAL FOREIGN MATERIAL, CONTRASTING CLASSES, SPLITS) | TOTAL DAMAGED | Foreign Material | | CONTRASTING CLASSES [2] | CLASSES THAT BLEND [3] |
| | | | | | TOTAL (INCLUDES STONES) | STONES | | |
| U.S. No. 1 | The special grade "Off-Color" may be applied after the removal of Total Defects | 18.0 | 2.0 | 2.0 | 0.5 | 0.2 | 0.5 | 5.0 |
| U.S. No. 2 | | 18.0 | 4.0 | 4.0 | 1.0 | 0.4 | 1.0 | 10.0 |
| U.S. No. 3 | | 18.0 | 6.0 | 6.0 | 1.5 | 0.6 | 2.0 | 15.0 |
| U.S. Substandard | | 18.0 | | | | | | |
| U.S. Sample Grade | | 18.0 | | | | | | |

U.S. Substandard shall be beans which do not meet the requirements for the grades U.S. No. 1 through U.S. No. 3 or U.S. Sample grade. Beans which are not well screened shall also be U.S. Substandard, except for beans which meet the requirements for U.S. Sample grade.

U.S. Sample grade shall be beans which are musty, sour, heating, materially weathered, or weevily; which have any commercially objectionable odor; which contain insect webbing or filth, animal filth, any unknown foreign substance, broken glass, or metal fragments; or which are otherwise of distinctly low quality.

[62 FR 52967, Oct. 10, 1997]