



United States  
Department of  
Agriculture

Risk  
Management  
Agency

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**INFORMATIONAL MEMORANDUM NO.: IS-09-014**

**TO:** All Approved Insurance Providers  
All Risk Management Agency Field Offices  
All Other Interested Parties

**FROM:** William J. Murphy /s/ *William J. Murphy* 10-1-2009  
Administrator

**SUBJECT:** Claims Advisory – Potential Freeze Damaged Corn and Soybeans

**BACKGROUND:**

The Risk Management Agency (RMA) has received reports that some producers in several North Central states may have immature crops due to late planting, resulting from generally wet conditions and cool growing season, which may be impacted if an early freeze would occur by the average freeze date for these areas.

**ACTION:**

Approved Insurance Providers (AIPs) are reminded to follow Federal Crop Insurance Corporation approved procedure for deferring appraisals for immature crop acreage damaged due to frost/freeze. In particular, the 2009 Loss Adjustment Manual (LAM) Standards Handbook, FCIC 25010 as follows:

**Subparagraph 85C Deferred Appraisals**

Deferred appraisals are appraisals that are deferred to a later date in order to assess crop recovery and/or obtain more accurate appraisals.

- (1) Appraisals must be deferred when:
  - (b) Frost/freeze damage has occurred on immature crop. Defer appraisals at least 7-10 days from the date of frost/freeze, unless specified otherwise by agricultural experts in the area for the crop or as otherwise specified in the individual crop handbook. If agricultural experts in the area specify less days are needed to determine damage to the particular crop, written documentation of this must be retained in the insured's loss file; i.e., name of agricultural expert, date, written statement from the agricultural expert specifying the number of days to defer appraisal, etc. Refer to Exhibit 1 for definition of agricultural expert.



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- 2) Defer appraisals anytime a more accurate appraisal can be made at a later date due to type of damage or circumstances; e.g., extent of damage or recovery of crop after flooding, pollination problems, freeze, etc. Refer to (3) below.
- (3) Utilize agricultural experts for the crop for the length of time appraisals should be deferred for the particular crop and situation. Include a copy of these recommendations with the paperwork pertaining to the inspection to support the AIP's actions. Refer to Exhibit 1 for the definition of agricultural expert.
- (5) In widespread deferral situations, all AIPs should maintain coordination through Insurance Services so that uniform guidance can be provided to all AIPs regarding the length of deferral time necessary to allow accurate appraisals to be made for the circumstances.

#### Subparagraph 85 D

When appraisals are made, inform the insured of the following:

- (3) The appraisal determination. (Never advise the insured whether or not to harvest the crop; this must be the insured's decision.)

Deferred appraisals must be completed on or shortly after the End of Insurance period.

#### Other potentially relevant LAM procedures AIPs should refer to due to frost/freeze

Subparagraph 88G(4)(a)(2) Representative Sample Areas (RSAs) if the *insured disagrees with initial appraisal of immature acreage* to be released. The per acre *production appraisal will be used* for all the acreage released, including RSAs unless the insured failed to care for the RSAs in the same manner as if they were to be harvested or to meet any other requirement listed in LAM

Subparagraph 88 D(1)(a)-(e). ***Adjustments for quality cannot be applied to the appraised immature production*** for the released acreage. Quality adjustment may be applied to the mature production from the RSAs.

Subparagraph 96H-J addresses crops having quality provisions for which the harvested or unharvested production is declared zero market value because there are no buyers in the insured's local market area or any distant market. Such production is required to be destroyed in an acceptable manner as determined by the AIP. Additional management costs including drying of high moisture corn are not considered when determining zero market value of the crop.

Subparagraph 96J regarding quality provisions for *physiologically mature* production (Fully Mature, Exhibit 1 Corn Loss Adjustment Standards Handbook (LASH). 96J does not apply to production that cannot be mechanically harvested. Paragraph 96 J(1)(d) addresses market determinations for damaged production.

Although immature crops have reduced yield potential, which must be appraised for production to count, quality adjustment can only be applied to a mature crop.

Producers wanting to put the crop to another use, including harvesting corn (insured as grain) for silage, must agree to the grain appraisal before the AIP may consent to put to another use.

Specifically, with respect to Corn and Soybeans:

Corn Loss Adjustment Standards Handbook (LASH) 7B (6) includes appraisal modifications for early freeze damage. Do not apply the corn appraisal modification for early freeze if the adjuster determines the insured could have prevented the damage through proper farming practices.

Mature corn is defined in Section 6D (1) and Exhibit 1 of the LASH. Physiological maturity of soybeans is described in the R-Stage descriptions in Section 5D (6) of the Soybeans LASH. Again, quality adjustment only applies to a mature crop.

The Coarse Grains Crop Provisions for corn and soybeans in *Section 11* Final Settlement of Claim states *mature* crop production (excluding corn harvested as silage) may be adjusted for excess moisture and quality deficiencies. If moisture adjustment is applicable, it will be made prior to any adjustment for quality.

Verify the stage of the crop, planting dates and relative maturity days' ratings to ensure good farming practices have been followed.

If the corn is immature at time of appraisal, it will be appraised using the maturity line appraisal method. If AIPs use the freeze modification in the Corn LASH and kernels are in the pre ¼ stage and all leaves are killed above the base of the ear, then the crop is considered to have no potential, the appraisal will be zero, and the crop must be destroyed. If the corn is in the ¼ stage, twenty-five percent of the appraisal will be counted.

If corn is in the ¼ milk and prior stages and the AIPs determine that it will never have a chance of being harvested, the relative maturity of the corn variety should be determined. If the variety planted was appropriate for the area and date(s) of seeding, the crop will have a zero appraisal and must be destroyed. At the beginning of the planting period, an insured can plant varieties with a longer maturity date, but as the end of the planting period approaches, the insured is expected to switch to a variety with a shorter maturity date.

The appropriate variety must have been planted within the planting period. An inappropriate variety planted may be failure to follow good farming practices.

AIPs should consider a deferred appraisal for corn in the 1/2 milk stage or later rather than immediately settling claims using the freeze modification procedure in the Corn LASH because the corn may continue to mature and moisture levels may decrease.

**DISPOSAL DATE:**

When 2009 corn and soybean claims in the affected areas are complete.