



United States
Department of
Agriculture

Risk
Management
Agency

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INFORMATIONAL MEMORANDUM: IS-09-020

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

FROM: Sue Rourk King /s/ Craig A. Witt for 11/25/2009
Acting Deputy Administrator for Insurance Services

SUBJECT: Claims Advisory – Sugar Beet Acreage

BACKGROUND:

The Risk Management Agency (RMA) has been advised that sugar beet producers in western Minnesota, North Dakota, Montana and Northern Wyoming have been unable to complete harvesting due to excessive wet conditions and/or frozen beets. Most producers have been forced to delay harvest until the sugar beets could be accepted for processing by the processing cooperatives. However, the excessively wet conditions continued, and recent freezing temperatures have or will likely result in some processors shutting down harvest/delivery of beets for the crop year.

ACTION:

Sugar beet crop insurance does NOT cover any losses that become evident after the end of the insurance period. When sugar beets are harvested, crop insurance ends and any further damage is not covered. Sugar beets are not covered if stored in piles on the farm or at the processor.

IF THE PROCESSOR IS ACCEPTING SUGAR BEETS:

The calendar date for the end of the insurance period (EOIP) for sugar beets in the above States and counties is November 15. If processors are accepting sugar beets after November 15, existing Federal Crop Insurance Corporation-issued procedures allow AIPs, on a case by case basis, to authorize additional time to harvest after the end of the insurance period (EOIP) so claims can be settled on harvested production. (Loss Adjustment Manual (LAM) Standards Handbook, FCIC 25010, PAR 68)



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

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AIPs may allow additional time to harvest if:

- A. The insured gives timely notice of loss to their crop insurance agent;
- B. The AIP determines and documents the delay in harvest was due to an insured cause of loss;
- C. The insured proves to the AIP that harvest was not possible due to an insured cause of loss; and
- D. The delay in harvest was not due to uninsured causes of loss or because the insured did not have sufficient equipment or manpower to harvest the crop by the calendar date for the EOIP.

When additional time to harvest is authorized, the calendar date for the EOIP is NOT extended; rather the insured is granted additional time to attempt to harvest the crop in order to settle any loss on the basis of harvested production. Subsequent unavoidable loss of production due to insurable causes will be considered an insurable loss. Any avoidable loss of production will be charged as an appraisal against the guarantee.

Harvested sugar beets rejected by the processor due to uninsured causes will be considered production to count. Harvested sugar beet production rejected by the processor due to an insurable cause of loss such as excessive wet conditions causing excessive mud/dirt on the sugar beets and/or frozen beets will be converted to standardized tons according to the Sugar Beet Crop Provisions section 13(e). If there is no value for such sugar beets then the production to count will be zero. Harvested sugar beets that are rejected by the processor due to an insurable cause of loss and sold for another use, such as cattle feed will be converted to standardized tons as specified in the Sugar Beet Crop Provisions section 13(e).

APPRAISED AND THEN HARVESTED:

In the case where sugar beets have been appraised and later harvested and delivered by the insured and accepted by the processor, the AIP must be notified to recalculate the claim if the actual production to count from the processor is greater than the appraisal. If the AIP has already paid a claim based on the original appraisal, and it was determined that it was previously overpaid, the insured will be required to repay any overpaid indemnity.

The AIP must make an appraisal when an appraisal can be conducted accurately. For freeze, this is usually after a period of possible recovery. If there is significant snow over, the crop is under water, or extreme wet conditions exist, AIPs should not, and are not required to, perform final inspections when such conditions make it impossible to obtain appraisals accurately according to procedures.

IF THE PROCESSOR HAS CEASED ACCEPTING SUGAR BEETS:

The procedures for acreage not timely harvested due to insurable causes in subparagraph 89 D of the 2009 Loss Adjustment Manual (LAM) Standards Handbook, FCIC 25010, applies when, on a case by case basis, the loss adjuster determines:

- A. The insured had to delay harvest of any sugar beet acreage due to an insurable cause of loss such as excessively wet field conditions and/or freeze;
- B. The processor notified growers that they have ended harvest/delivery of sugar beets for the crop year due to the excessively wet conditions and/or freeze; and
- C. The insured agrees the sugar beets will not be harvested.

If LAM procedures in subparagraph 89 D apply to a producer's insured acreage, the loss adjuster shall maintain in the insured's loss file a copy of the processor's notification letter stating the above insured causes were the reason the processor ended harvest/delivery operations for the crop year. If the processor's notification letter does not address the insurable cause of loss, the loss adjuster must document if the failure to timely harvest was due to an insurable cause of loss.

Harvested sugar beets rejected by the processor due to uninsured causes will be considered production to count. Harvested sugar beet production rejected by the processor due to an insurable cause of loss such as excessive wet conditions causing excessive mud/dirt on the sugar beets and/or frozen beets will be converted to standardized tons according to the Sugar Beet Crop Provisions section 13(e). If there is no value for such sugar beets then the production to count will be zero. Harvested sugar beets that are rejected by the processor due to an insurable cause of loss and sold for another use, such as cattle feed will be converted to standardized tons as specified in the Sugar Beet Crop Provisions section 13(e).

Production losses from unharvested or not timely harvested acreage of the insured crop are insurable if the losses are due to an insurable cause of loss (as stated in the Sugar Beet Crop Provisions), such as adverse weather conditions.

Unharvested sugar beets may be grazed upon approval by the AIP. If the unharvested acreage qualifies as not timely harvested due to an insured cause of loss, the production to count for grazed acreage remains zero.

If harvested sugar beets are rejected by the processor, or if unharvested acreage is harvested later, production to count for such sugar beets will be converted to standardized tons according to the Sugar Beet Crop Provisions section 13(e). If the harvested production is fed on the farm or sold for another use such as cattle feed, the value received for such beets shall be considered in the conversion.

DISPOSAL DATE:

January 15, 2010.