

**United States  
Department of  
Agriculture**



**Federal Crop  
Insurance  
Corporation**



**Risk  
Management  
Agency**

**Product  
Administration  
and Standards  
Division**

**FCIC 18010-1  
(08-2017)**

# **2018 CROP INSURANCE HANDBOOK**

Underwriting and Actual Production History Standards for FCIC Programs Administered under the APH Administrative Regulations and the Basic Provisions for the Common Crop Insurance and Area Risk Protection Policies for 2018 and Succeeding Crop Years.



**UNDITED STATES DEPARTMENT OF AGRICULTURE  
RISK MANAGEMENT AGENCY  
KANSAS CITY, MO 64133**

<b>TITLE: 2018 Crop Insurance Handbook</b>	<b>NUMBER: FCIC 18010-1</b>
<b>EFFECTIVE DATE: 2018 and Succeeding Crop Years</b>	<b>ISSUE DATE: August 17, 2017</b>
<b>SUBJECT:  2018 Crop Insurance Handbook</b>	<b>OPI: Product Administration and Standards Division</b>
	<b>APPROVED:  /s/ Richard Flournoy Deputy Administrator for Product Management</b>

**REASON FOR ISSUANCE**

This handbook provides the official FCIC approved underwriting standards for policies administered by AIPs for the General Administrative Regulations, 7 CFR Part 400, Subpart G; Common Crop Insurance Policy Basic Provisions, 7 CFR Part 457, and Area Risk Protection Regulations, 7 CFR Part 407 for the 2018 and succeeding crop years for crops with a contract change date on or after the issue date.

**SUMMARY OF CHANGES**

Listed below are the changes with significant content change. Minor changes and corrections are not included in this listing.

<b>Reference</b>	<b>Description of Change:</b>
Para. 1310H(1)(a)	Removed the note waiving the requirement to file a notice of loss with the AIP in accordance with policy and procedures in the LAM for production lost in the 2017 crop year due to UUF or third party damage. Insureds must file a notice of loss in accordance with the LAM for production lost due to UUF or a third party.
Exh. 15 HH(2)	Changed acres and production to zero (0) for 2017 crop year to be consistent with procedures in Para. 1305G(2)(d).

## 2018 CROP INSURANCE HANDBOOK

### CONTROL CHART

	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Page(s)	Date	Directive Number
Remove	1-2	-	199-200	657-658	June 2017	18010
Insert	1-2	-	199-200	657-658	August 2017	18010-1
Current Index	1-2				August 2017	18010-1
		1-20	1-198	527-656	June 2017	18010
			199-200	657-658	August 2017	18010-1
			201-526	659-763	June 2017	18010

**H. UUF or Third Party Damage**

- (1) Beginning with the 2018 crop year, in the event an insured suffers production losses due to UUF or a third party, the insured may choose to not include an actual yield or acres for the damaged acreage in the APH database and as a result reduced yields due to UUF/Third Party Damage will not impact the insured's approved APH yield when the following conditions are met:
  - (a) The insured must file a notice of loss with the AIP in accordance with the policy and procedures in the LAM or the loss will be treated the same as any other uninsured cause of loss.
  - (b) The AIP must determine whether the cause of loss is attributable to UUF or third party damage.
    - (i) The burden is on the insured to prove that the damage was due to UUF or a third party.
    - (ii) Each situation must be assessed on its individual merit and circumstances.
    - (iii) A total production loss on the damaged acreage is not required for such production to be considered under these procedures.
- (2) Third party damage. Third party damage refers to situations in which the actions of a third party, outside of the control of the insured, result in losses for the insured, such as when a neighbor negligently applies chemicals and the resulting spray drift damages the insured's crop. The insured must be able to document that the loss was due to the actions of a third party outside the control of the insured.
- (3) UUF. UUF are fires caused by an uninsured cause of loss due to actions outside the control of the insured and are unavoidable. For example, fires caused by drivers throwing lit cigarettes out of a car window are clearly caused by third parties and are unavoidable; fires caused by an insured who sets a fire to burn brush which spreads and burns their crop was clearly caused by the insured and was avoidable. There are many variables that may impact whether a fire is avoidable and it is not possible to make a blanket determination of whether the cause of the fire is unavoidable. The insured must prove to the AIP that the fire was caused by actions outside the control of the insured and that such fire was unavoidable.

## 1310 Production (continued)

---

- (4) Damage due to UUF/Third Party remains an uninsured cause of loss even if the acreage and production is not included in the APH database.
- (a) An insured may choose to report production from acreage damaged by UUF or a third party and have it included in the APH database instead of excluding the damaged acreage in the APH database.
  - (b) Filing a notice of loss due to UUF/Third Party damage does not prohibit an insured from reporting production from the damaged acres and including such in the APH database. In such situations:
    - (i) do not modify the acreage report to reflect the acreage damaged by UUF or a third party. If the acreage report already identifies the acreage damaged by UUF or a third party, it does not need to be modified; and
    - (ii) the insured must sign the impacted APH database to indicate their choice to opt out of excluding such acreage and production on or before the PRD.
- (5) When the requirements above are met, an insured may choose, on an APH database basis, to not include acreage and production damaged by UUF or a third party.
- (a) The request must be made no later than the PRD. Filing a notice of loss for the UUF/Third Party damage and modifying the acreage report to identify the acreage damaged by UUF or a third party separately from acreage not damaged by UUF or a third party is considered to be the insured's request to not include acreage and production damaged by UUF or a third party in the APH database.

**Note:** See (4)(b) above if the insured decides to include such production and acreage in the APH database on or before the PRD.
  - (b) The request must be made the initial year the production from the acreage damaged by UUF or a third party is reported on the production report by the PRD and continues to apply in subsequent years.
  - (c) As allowed under APH procedures, the insured can recertify production in a subsequent year to include acreage and production from acreage damaged by UUF or a third party in the APH database. However, the request to not include such acreage and production can only be made the initial year such production and acreage is reported on the production report.

**Note:** Cups do not apply when calculating the current year's approved APH yields when production report(s) are recertified for this reason.
  - (d) The production and acreage from all acreage damaged by UUF or third party damage must be excluded from the APH database when any such acreage is excluded.

**HH. UUF or a Third Party**

- (1) When part of the acreage within an APH database is affected by UUF or third party damage, production and planted/insured acres for those acres are not included in the APH database. The production and acreage from the remaining acreage is included in the APH database. For example, 150 acres were planted in 2017, but 50 acres were damaged by spray drift from a neighbor's field and the requirements in Para. 1310 H were met. Since the requirements for third party damage were met, only the production from the 100 acres undamaged by the spray drift are included in the 2018 and subsequent year's APH database.

2017 APH DATABASE				2018 APH DATABASE			
YEAR	PROD	ACRES	YIELD	YEAR	PROD	ACRES	YIELD
2007	11250	150	A75	2008	11100	150	A74
2008	11100	150	A74	2009	12040	140	A86
2009	12040	140	A86	2010	8450	130	A65
2010	8450	130	A65	2011	12150	150	A81
2011	12150	150	A81	2012	10005	145	A69
2012	10005	145	A69	2013	10950	150	A73
2013	10950	150	A73	2014	12040	146	A64
2014	12040	146	A64	2015	3750	150	A25
2015	3750	150	A25	2016	14250	150	A95
2016	14250	150	A95	2017	8000	100	FA80
<b>APPROVED APH 707/10 = 71</b>				<b>APPROVED APH 712/10 = 71</b>			

- (2) When all of the acreage within an APH database is affected by UUF or third party damage, the acres, production and yield are all reported as null, with a FD yield descriptor. For example, in 2017 sparks from a train started a fire that destroyed all of the acreage within an APH database. This was an UUF that is not covered by crop insurance and met the requirements in Para. 1310 H. Therefore, 2017 is included in the APH database with a 0 for production and yield and the number of acres that were planted/insured and subsequently damaged. When the approved APH yield is calculated for the 2018 APH database, the 2017 crop year is not included in the calculation of the average, rate or approved APH yield.

2017 APH DATABASE				2018 APH DATABASE			
YEAR	PROD	ACRES	YIELD	YEAR	PROD	ACRES	YIELD
				2008	11100	150	A74
2008	11100	150	A74	2009	12040	140	A86
2009	12040	140	A86	2010	8450	130	A65
2010	8450	130	A65	2011	12150	150	A81
2011	12150	150	A81	2012	10005	145	A69
2012	10005	145	A69	2013	10950	150	A73
2013	10950	150	A73	2014	12040	146	A64
2014	12040	146	A64	2015	3750	150	A25
2015	3750	150	A25	2016	14250	150	A95
2016	14250	150	A95	2017	0	0	FD0
<b>APPROVED APH 632/9 = 70</b>				<b>APPROVED APH 632/9 = 70</b>			

**HH. UUF or a Third Party (Continued)**

---

- (3) Example of third party damage with insured cause of loss on same acreage. Insured has a 70 bushel approved APH yield on a 100 acre NI wheat APH database. Chemical overspray by the county roadside crew spraying weeds in the drainage ditches damaged 30 acres. Drought conditions, an insured cause of loss, has reduced the production on all 100 acres. For the purposes of illustration, assume that the insured has requested the acres damaged by a third party not be included in his APH database and the requirements in Para. 1310H are met. UIC loss appraisal determined 900 bu. for the 30 acres, or 30 bu./acre, due to the UIC (third party damage). The insured is able to harvest 10 bu./acre from the 30 acres damaged by a third party for a total of 300 bushels. The remaining 70 acres yielded 2,800 bushels, or 40 bu./acre, which suffered an insured cause of loss. Total production to count for the unit is 4,000 bushels.
- (a) 2017 Acreage report is modified to change the acreage type for the third party damaged acres (requirement waived for losses in 2017):
- (i) 70 acres – Insured-Planted acreage;
  - (ii) 30 acres – UUF/Third Party damaged acreage;
- (b) 2017 Production Worksheet/Claim (used as production report in 2018)
- (i) 30 acres - stage code \*; 900 bu. uninsurable cause of loss appraisal, 300 bu. harvested production to count on the 30 acres; 70 acres - stage code H 2,800 bu.;
  - (ii) Total production to count for the unit is 4,000 bushels.
- \* There will be 3 new stage codes: one for UUF/Third party damage-no production on same acreage; one for UUF/Third Party damage - appraised production on same acreage; one for UUF/Third Party damage – harvested production on same acreage.