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Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



Product  
Development  
Division

FCIC-25010 (1-2005)  
FCIC-25010-1 (7-2005)

# **LOSS ADJUSTMENT MANUAL (LAM) STANDARDS HANDBOOK**

**2005 and Succeeding Crop Years**



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

<b>FEDERAL CROP INSURANCE HANDBOOK</b>		<b>NUMBER 25010 (1-2005) 25010-1 (7-2005)</b>
<b>SUBJECT:</b>  <b>LOSS ADJUSTMENT MANUAL (LAM) STANDARDS HANDBOOK 2005 and SUCCEEDING CROP YEARS</b>	<b>OPI:</b> <b>Product Development Division</b>	
	<b>APPROVED</b>  <i>/s/ Jim B. Witt</i> <b>Deputy Administrator, Research and Development</b>	<b>DATE:</b>  <i>7/12/2005</i>

**SUMMARY OF CHANGES/CONTROL CHART**

The following list contains significant changes to this handbook, as determined by us. It may not represent all changes made. All changes made to this handbook are applicable regardless of whether or not listed.

Major Changes: **Highlight** identifies changes or additions in the text. Three stars (\*\*\*) identify where information has been removed.

**July 2005 changes to the 2005 crop year FCIC-25010 issued January 2005.**

1. PAR. 21 C (3) Added subparagraph (b) stating that for the purpose of determining a MIF, share will be excluded from liability.
2. PAR. 29 G and I Added that for the purpose of determining a MIF or LAF, share will be excluded from liability.
3. PAR. 69 C (2) Clarified that if the insured has all of the information to submit and sign the claim within the time required by the policy provisions but the insurance provider does not make the inspection and complete the claim within that timeframe, the claim will not be denied.
4. PAR. 110 D (1) Clarified that for crops requiring pack factors, the pack factor is applied to ALL farm-stored production not weighed; i.e. production in a storage structure, cone, inverted cone, conveyance, conical pile, etc. Added that for production in cones and inverted cones, apply the same pack factor that is applicable to the greatest portion of the structure.
5. PAR. 111 B Added a cone, conical pile, and inverted cone to the formula for determining square feet of floor space for a round structure.
6. Exhibit 1 Added note underneath definition of Liability stating that for the purpose of determining a LAF or MIF, share will be excluded from liability. In the definitions for Liability Adjustment Factor and Misreported Information Factor, indicated that when liability is determined, share is excluded.
7. Exhibit 3 Added cause of loss code, "09" for Asian Soybean Rust, and for cause of loss FIE, corrected year of Contract Change Date for 8/31.
8. Exhibit 18 Added a sentence to clarify that the liability used to determine a LAF or MIF is a separate liability for a replant payment, prevented planting payment, or indemnity payment.
9. Exhibit 19 Added an index.

**LOSS ADJUSTMENT MANUAL STANDARDS HANDBOOK**

**SUMMARY OF CHANGES/CONTROL CHART (Continued)**

<b>CONTROL CHART FOR: LOSS ADJUSTMENT MANUAL STANDARDS HANDBOOK</b>						
	SC Page(s)	TC Page(s)	Text Page(s)	Exhibits	Date	Directive Number
Remove	1-10	7-8	33-34	1(311-312)	01-2005	FCIC-25010
			47-50	3(331-332)	01-2005	FCIC-25010
			143-144	18(377-378)	01-2005	FCIC-25010
			239-240		01-2005	FCIC-25010
Insert	1-2	7-8	33-34	1(311-312)	07-2005	FCIC-25010-1
			47-50	3(331-332)	07-2005	FCIC-25010-1
			143-144	18(377)	07-2005	FCIC-25010-1
			239-240	19(378-388)	07-2005	FCIC-25010-1
Current Index	1-2	1-6 7-8	1-32		07-2005	FCIC-25010-1
			33-34		01-2005	FCIC-25010
			35-46		07-2005	FCIC-25010-1
			47-50		01-2005	FCIC-25010
			51-142		07-2005	FCIC-25010-1
			143-144		01-2005	FCIC-25010
			145-238		07-2005	FCIC-25010-1
			239-240		01-2005	FCIC-25010
			241-298		07-2005	FCIC-25010-1
				1(299-310)	01-2005	FCIC-25010
				1(311-312)	07-2005	FCIC-25010-1
				1(313-321)	01-2005	FCIC-25010
				2(322-330)	01-2005	FCIC-25010
				3(331-332)	07-2005	FCIC-25010-1
				3(333)	01-2005	FCIC-25010
				4(334-336)	01-2005	FCIC-25010
				5(337-338)	01-2005	FCIC-25010
				6(339-340)	01-2005	FCIC-25010
				7(341)	01-2005	FCIC-25010
				8(343)	01-2005	FCIC-25010
				9(344-345)	01-2005	FCIC-25010
				10(346-347)	01-2005	FCIC-25010
				11(348-351)	01-2005	FCIC-25010
				12(352-356)	01-2005	FCIC-25010
	13(357)	01-2005	FCIC-25010			
	14(358-366)	01-2005	FCIC-25010			
	15(367-369)	01-2005	FCIC-25010			
	16(370-373)	01-2005	FCIC-25010			
	17(374-376)	01-2005	FCIC-25010			
	18(377)	07-2005	FCIC-25010-1			
	19(378-388)	07-2005	FCIC-25010-1			

# LOSS ADJUSTMENT MANUAL STANDARDS HANDBOOK

## TABLE OF CONTENTS

### EXHIBITS (Continued)

	<u>Page</u>
13 Square Root Table.....	357
14 Round Bin Conversion Chart.....	358
15 Notice of Prevented Planting or Notice of Damage or Loss Form Standards.....	367
16 Production Worksheets Continuation Forms.....	370
17 FGIS (or Applicable State or Other Entity's) FM and Dockage Definitions.....	374
18 Calculation Sequence of Loss Adjustment Factor (LAF), Misreported Information Factor (MIF), and 1 <sup>st</sup> /2 <sup>nd</sup> Crop Reduction.....	377
<b>19</b> <b>Index</b> .....	378

**LOSS ADJUSTMENT MANUAL STANDARDS HANDBOOK**

**TABLE OF CONTENTS**

**RESERVED**

(g) Share

Verify with the insured and as instructed in PAR. 13 that the share reported is correct. Shares cannot be increased at loss time. However, if the share is lower at the time of the claim, the claim must reflect the correct lower share.

(h) Person's sharing in the crop

Verify with the insured and via lease-agreements or FSA records or other verifiable documents, the name of the person(s) sharing in the crop. Refer to PAR. 13.

(i) Risk classification

The insurance provider must verify that the risk classification is correct by verifying: (1) the adjuster-verified physical location of the acreage, against the actuarial documents (or written agreements, if applicable); (2) FSA documents if FSNs are applicable; and (3) if a FCI-32 (Producer Classification) is applicable, the insurance provider must verify the classification listed on the acreage report against what is listed on the FCI-32 for the insured.

(j) Special Purpose Information

This column is used for a variety of entries. It may contain contract prices for crops requiring them (e.g., green peas), etc. Verify the accuracy of this information using pertinent documents needed to verify this information.

(k) Unit Number

1 Insurance providers must verify that the legal description and FSA FSN for each unit on the acreage report is the same as on the APH form.

2 Verify that the unit numbers reported are in accordance with the applicable individual crop policy or endorsement or, if applicable, the unit division guidelines in the actuarial documents or Unit Division Option.

(l) Remarks. Review any information recorded in the remarks section that may be pertinent to this inspection.

(3) Uninsured or Uninsurable Acreage

Verify that any harvested production from the uninsured or uninsurable acreage was kept separate from the insured acreage. If it was not, refer to the commingled production procedure in PAR. 126.

C Misreported Information

- (1) The insured must provide all required reports and is responsible for the accuracy of all information contained in those reports. The insured should verify the information on all such reports prior to submitting them to the insurance provider.

(2) If the insured:

- (a) **Under-reports liability** (reported information results in liability lower than the liability determined to exist), the loss liability will be held to the liability reported by reducing the production guarantee or amount of insurance on the unit by the liability adjustment factor (LAF). (In the event the insurable acreage is under-reported for any unit and a claim for indemnity is submitted, all production or value to count from all of the insurable acreage (reported and not reported) will count against the unit guarantee; or
- (b) **Over-reports liability** (reported information results in liability higher than the liability determined to exist), the information contained in the acreage report will be revised to be consistent with the correct information.

→**ONLY for crop/counties with a 2005 crop year CCD of 8/31/2004, or later**

- (3) In addition to the LAF specified in (2) (a) above, if the misreported information results in liability greater than 110.0 percent (**over-reported liability in excess of 10%**) or lower than 90.0 percent (**under-reported liability in excess of 10%**) of the actual liability determined for the unit, any indemnity, prevented planting payment, or replanting payment will be reduced by a Misreported Information Factor (MIF).

The MIF represents the amount of reduction that is proportionate with the amount of liability that is misreported in excess of the tolerances stated above. The examples below show how the MIF is calculated. Refer to Exhibit 18 to determine what sequence the MIF is applied in the Indemnity, PP payment, or replanting payment calculation.

(a) **EXAMPLES:**

1 **Steps when the reported liability is over-reported.**

- a Reported liability is \$120 divided by \$100 determined (actual) liability = 1.200000 over-reported liability.
- b Over-reported liability 1.200000 minus 1.100000 tolerance = .100000 (10% in excess of tolerance).
- c 1.000000 minus .100000 (excess of tolerance) = .900000 (MIF). Always round factor to six decimal places.

2 **Steps when the reported liability is under-reported.**

- a Reported liability is \$100 divided by \$120 determined (actual) liability = .833333 under-reported liability.
- b Tolerance .900000 minus .833333 under-reported liability = .066667 (6.7% in excess of tolerance).
- c 1.000000 minus .066667 (excess of tolerance) = .933333 MIF. Round **all** calculations to six decimal places.

(b) For the purpose of determining a MIF, share will be excluded from liability. Refer to the definition of liability in Exhibit 1.

**ONLY for crop/counties with a 2005 crop year CCD of 8/31/2004, or later**←

- Acreages between two crops were inadvertently switched. For example: one line showed 120.5 acres of corn and one line showed 155.6 acres of soybeans; however, there was actually 155.6 acres of corn and 120.5 acres of soybeans.

C Revisions to Reduce Premium for Acreage Destroyed Prior to Harvest

(1) Acreage reports CANNOT be revised after the acreage report date to remove or reduce premium because the insurable acreage was destroyed prior to harvest, except when the County Actuarial Documents provide a reduced premium rate (short-rate) for acreage destroyed prior to harvest and all other criteria is met as stated in (a)–(b) below. For such crops and counties, the insured may report all planted acreage as insurable. Premium will be due on all the acreage with additional coverage.

(a) The premium amount will be reduced (short-rated), including CAT coverage, by the amount shown on the County Actuarial Documents **only if** the insured notifies the agent by the date shown on the Special Provisions that the acreage will be destroyed by grazing or mechanical means prior to harvest, and the insured does not claim an indemnity on such acreage.

If a notice of damage is filed and the insured wants to file a claim for indemnity on the acreage at this time rather than take a short rate, the acreage must be appraised. Refer to PAR. 85 and 88. If the insured wishes to destroy the acreage to comply with other USDA programs, the acreage must be released when an adequate appraisal is made; or if applicable, the insured has agreed to leave representative samples so that adequate appraisals can be made at a later date.

(b) When timely and proper notification is received, the insurance provider will revise the acreage report and reduce (short-rate) the premium accordingly. Insurance coverage will cease on any acreage the insured does not intend to harvest on the date the insured notifies the agent of such intent.

(c) If the acreage is not destroyed as intended, the insured will be subject to the under-reporting provisions contained in section 6 of the Basic Provisions. Such acreage cannot be added back to the acreage report, even if the crop would pass a crop inspection in accordance with PAR. 74.

(d) If the insured destroys (by grazing or mechanical means) the acreage without proper and timely notification, the acreage is considered to have been destroyed without consent. An appraisal of not less than the guarantee will be assessed on such acreage.

D Adding acreage that was initially reported that it would be grazed or destroyed (i.e., uninsured acreage).

If, after the acreage reporting date, the insured decides to take to harvest acreage that was previously designated to be destroyed (uninsurable) and it meets all insurability requirements in the policy, it can be added if a crop inspection is made and the crop passes the crop inspection in accordance with the requirements in PAR. 74.

- (1) If the crop passes the inspection and is accepted, the acreage would be re-designated as insurable and the acreage report revised to add such acreage. If the acreage is accepted, premium will be applicable to the entire crop year.
- (2) If the crop fails to pass the crop inspection or is not accepted, the acreage is to remain designated as uninsurable in the "Remarks" section of the acreage report.

E Revisions Due to Measurement Service

→**ONLY for crop/counties with a 2005 crop year CCD prior to 8/31/2004**

- (1) Acreage reports for 2005 may be revised after the acreage reporting date due to measurement service measurements ONLY for the following: (1) For CAT policies when FSA Measurement Service was requested as stated in PAR. 29 F of the 2004 LAM, and (2) for crops in Idaho, Oregon, and Washington, as stated in PAR. 29 G of the 2004 LAM.

←**ONLY for crop/counties with a 2005 crop year CCD prior to 8/31/2004**

→**ONLY for crop/counties with a 2005 crop year CCD of 8/31/2004, or later**

- (2) If the insured provides documentation to the insurance provider that they have requested Measurement Service from FSA or a firm engaged in land measurement, prior to the acreage reporting date, and submits an acreage report to the insurance provider with estimated acres by the acreage reporting date, the insured must provide the measurement to the insurance provider. If the measured acreage was different than the reported acreage, the acreage will be increased or decreased based on the Measurement Service's measured acres. This adjustment is allowed even at loss adjustment time.

**ONLY for crop/counties with a CCD of 8/31/2004, or later←**

F Preparation, Documentation, and Submission

Prepare a revised acreage report and Special Report explaining errors or omissions on the previous acreage report or summary and what corrections were made. All revised acreage reports require the items listed in PAR. 28 C. Submit the revised acreage report and Special Report to the insurance provider's approving official. If a crop inspection was required, refer to PAR. 74 for additional requirements.

G Liability Adjustment Factor (LAF)

If the liability determined to have existed is higher (based on the information on the PW) than the liability reported (based on the information on the initial acreage report), the LAF must be applied to the replant payment, prevented planting payment, or indemnity payment calculation to hold the liability to the liability initially reported on the acreage report. Refer to the definition of LAF in Exhibit 1, and refer to Exhibit 18 for example of where the LAF is applied in the replant payment, prevented planting, or indemnity calculation. If the acreage report must be revised to process the practice, type, or variety determined to exist due to the changes in APH yields, the LAF based on the liability from the initial acreage report must still be applied to the indemnity payment calculation even though the liabilities would now match. **For the purpose of determining a LAF share is excluded from liability; refer to the definition of liability in Exhibit 1.**

→**ONLY FOR crops/counties with a 2005 crop year CCD of 8/31/2004 or later:**

H Misreported Information. Insureds are subject to an MIF, unless the insurance provider is allowed to revise the acreage report to correct errors as stated in other subparagraphs in PAR. 29. If the insured does not meet the criteria for revising the acreage report for errors, refer to PAR. 21 C to determine if either or both of the misreporting rules apply.  
**ONLY FOR crops/counties with a 2005 crop year CCD of 8/31/2004 or later←**

I Misreported Practices/Types Within the Same Unit

If it is determined that: (1) a practice (or type) that actually existed for a unit was not the practice (or type) reported on the acreage report for the unit, (2) there are different APH yields for each practice or type (e.g., a summerfallow practice is reported but a continuous cropping practice actually exists with each practice having a different APH yield), and (3) **a claim for replant payment, prevented planting payment, or indemnity payment** will be processed, an APH record for the correct practice/type must be processed through the DAS, and the acreage report must be revised in order to process the unreported practice/type information (APH yield, guarantee, etc) on the claim form (Production Worksheet), UNLESS the insurance provider has evidence of the insured misrepresenting the practice/type for the purpose of obtaining lower premium or a higher guarantee. If there is supporting evidence of misrepresentation, the policy should be voided in accordance with the policy provisions. **In cases where misrepresentation is not applicable to a misreported practice or type and the actual practice or type must be processed prior to processing the claim as stated above, a LAF or MIF based on the initial acreage report liability must be applied to the replant payment, prevented planting payment, or indemnity calculation. For the purpose of determining a LAF or MIF, share is excluded from liability. Refer to the definition of liability in Exhibit 1. For crops/counties with a 2005 crop year CCD prior to 8/31/2004, in addition to the LAF, the insured may also be subject to the MIF.**

→**ONLY FOR crops/counties with a 2005 crop year CCD of 8/31/2004, or later:**

J Different Production Method Has Been Carried Out and Will Result in Lower Yield

If it is discovered that a different production method has been carried out than what was reported on the acreage report, and will likely result in a lower actual yield than was established for the production method reported:

- (1) The approved yield will be reduced to an amount consistent with the production methods actually carried out for the crop year. The yield will be adjusted based on the insured's other units where such production methods were carried out or to the applicable county transitional yield for the production methods if other such units do not exist.
- (2) The acreage report will be revised with the revised APH yield that matches the practice determined to actually exist; and
- (3) If applicable, a LAF and MIF will be applied to the replant payment, prevented planting payment, or indemnity calculation. Refer to subparagraph G for more information about the LAF and PAR. 21 C for information about the MIF.

**ONLY FOR crops/counties with a 2005 crop year CCD of 8/31/2004 or later←**

### 30 REVISED ACREAGE REPORTS - ACREAGE REPORT REVIEWS

Revised acreage reports resulting from an acreage report review (based on acreage determinations only) will not be prepared if the difference in premium does not exceed the FCIC approved tolerance (\$250) UNLESS the insurance provider has given written authorization to allow revisions at a lower tolerance level. Refer to PAR. 73, "Acreage Report Review Inspection" for information in regards to the inspection.

### 31 REVISED ACREAGE REPORTS - EXAMPLES

Following are some examples of acreage report revisions that may be needed during an inspection. Always document the reason for the revision on the form used to revise acreage reports or document on a Special Report.

#### A Examples

- (1) Insured reported units 00101 and 00102 of grain sorghum as insurable. Upon inspection unit 00102 was found to be planted to an uninsurable practice.

ACTION: Delete 00102 from the acreage report noting in the remarks that the acreage is planted to an uninsurable practice.

- (2) During an inspection prior to harvest being general in the area, the insurance provider discovered that unit 00200 of soybeans had not been reported on the original acreage report. The crop inspection indicated that this unit and all other units met the appraisal criteria for accepting additional liability for the additional unit, as defined in PAR. 74.

ACTION: Unit 00200 may be added.

- (3) Based on the APH yield, an incorrect risk classification for unit 00100 was entered on the original acreage report.

ACTION: Revise the acreage report to show correct risk classification, and notate the reason of the revision in the "Remarks Section" or on a Special Report.

- (4) The original acreage report shows 25.0 acres for unit 00100, and the inspection reveals 50.0 acres were planted. The crop inspection indicated that all the criteria for accepting additional acreage for this unit (reported and unreported acreage) were met, as defined in PAR. 74.

ACTION: The acreage report may be revised to add the additional acreage.

- (5) The original acreage report shows all of unit 00100 (108.0 acres) was planted by the final planting date and there is no late planting provision for the crop, but it was determined 20.0 acres of unit 00100 were planted after the final planting date.

ACTION: Revise the acreage report to reduce the 108.0 acres of insured acreage to 88.0 insured acres. Notate in the remarks section of the acreage report that unit 00100 was revised to remove the 20 acres planted after the final planting date (complete specified area of the acreage report for uninsured acres if the acreage report has such area). Advise insured to keep harvested production from insured acreage (108.0 acres) separate from harvested production from the uninsured acreage (20.0 acres).

**69 INDEMNITY INSPECTION (FINAL) - DELAYED NOTICE OF DAMAGE OR LOSS  
AND/OR DELAYED CLAIM**

- A Delayed Notice Definition. A DELAYED NOTICE is a notice that is filed after the time required in the policy. If the notice is filed LATER than the time required in the policy for the insured to submit (sign) a claim (generally 60 days after the end of the insurance period), any resulting claim for which the notice was given is a DELAYED CLAIM. Refer to C below.

**Example:** The policy requirements for coarse grains require that the insured provides notice, by unit, within 72 hours of the insured's initial discovery of damage (but not later than 15 days after the end of the insurance period). The insured finished harvest of the loss unit on October 1. (In accordance with the policy provisions, the insurance period ended upon harvest.) The insured mailed the notice on October 30, and the insurance provider received it on Nov 3. In order to meet the policy requirements, the notice would have to be received by the insurance provider by October 16. In this instance, the notice was 18 days late.

- B Acceptance of a Delayed Notice. Acceptance of the notice does not constitute approval of the claim. The insurance provider may accept the notice only if the insurance provider still has the ability to accurately adjust the loss. When the notice is accepted, the insurance provider will perform any necessary inspections. When the insured submits a delayed notice, remind the insured of:

- (1) The requirement for filing timely notice of damage.
- (2) The right of the insurance provider to reject any claim if failure to give timely notice affects the insurance provider's ability to SATISFACTORILY establish ALL data needed to properly adjust the claim.

C Delayed Claims

- (1) When the insured signs a claim later than the time specified in the policy or endorsement for submitting claims, it is a DELAYED CLAIM. The time specified in most policies (or endorsements) is the earlier of, 60 days after:
  - (a) the total destruction of the insured crop on the unit;
  - (b) harvest of the unit; or
  - (c) the calendar date for the end of the insurance period.

**ONLY for crops/counties with a 2005 crop year CCD of 8/31/2004, or later→**

- (2) If the insured will not be able to sign a claim on or prior to 60 days after the end of the insurance period, the insured must submit to the insurance provider a request for an extension and the insurance provider must agree to the extension. **Insurance providers can only grant extensions if** the amount of the loss cannot be determined within such time period because the information needed to determine the amount of the loss was not available. The insured's failure to submit the claim or provide the required information will result in no replant payment or indemnity payment. **However, there may be circumstances beyond the insurance provider's control that prevent the insurance provider from completing and obtaining the insured's signature on the claim form by the required time frame; e.g., unusually large numbers of loss adjustment inspections due all at the same time. When such circumstances arise, RMA expects insurance providers to handle all losses as expeditiously as possible while still**

staying within the confines of approved policy provisions and procedures. Therefore, when an insured acquired all information necessary to complete and sign their claim within the required time frame, but through no fault of theirs, the insurance provider was unable to complete and obtain their signature on the claim form within that time frame, claim payments will not be denied. → **ONLY for crops/counties with a 2005 crop year CCD of 8/31/2004, or later**

**ONLY for crops/counties with a 2005 crop year CCD prior to 8/31/2004**→

- (3) When the insured signs a claim later than the time specified in the policy or endorsement for submitting claims, **and subparagraph (4) is not applicable**, remind the insured of the following:
- (a) The policy provision for submitting a claim within the time specified in the applicable policy or endorsement.
  - (b) The right of the insurance provider to reject any claim if the delayed claim affects the insurance provider's ability to satisfactorily establish all data needed to properly adjust the claim.
- (4) Delayed Claims Due to Unavailability of Production Records (or unavailability of price information to determine production value, if required to complete the claim.)

For such crops as almonds, cotton, citrus, hybrid seed, peaches, prunes, walnuts, and occasionally others; production records are not always available at loss adjustment time. For some crops the settlement price is not always available at loss adjustment time; e.g., cherries may not have a settlement price(s) until marketing pool(s) close. This may result in insureds having to sign the claim later than the time specified in the policy. A Certification Form may be used when through no fault of the insured, the production records are not available from the processor, gin, or seed company or the settlement price when the price is necessary to complete the claim. **In such situations, the following instructions will apply:**

- (a) Make all determinations possible and complete the claim form without the production records or settlement price information.
- (b) Enter "Certification Form" in the heading of the claim form or note in the narrative that a Certification Form was used.
- (c) Obtain the insured's signature and date. Do not sign or date the claim form during the initial inspection.
- (d) Complete a Certification Form. (Refer to Exhibit 11.)
- (e) Instruct the insured to do the following when the production records or settlement price(s) are available:
  - 1 Enter "Production Records Available" or "Settlement Price Available" in the "remarks" section of the Certification Form;
  - 2 Sign and date the Certification Form; and
  - 3 Return it to the person/location indicated on the Certification Form or as instructed by the insurance provider.

← **ONLY for crops/counties with a 2005 crop year CCD prior to 8/31/2004**

C Documentation. Document any calculations you have made, on a Special Report or other form provided by the insurance provider, for storage structures requiring entries in the column used for gross production on the claim form or calculations used to obtain square, round, or rectangular component part measurements for odd shaped structure that were entered on the claim form. Copies of calculations are to remain in the contract folder.

D Pack Factors.

(1) Pack factors are applicable, effective for the 2005 crop year, for the following crops: Barley, corn, grain sorghum, hybrid corn seed, hybrid sorghum seed, oats, popcorn, soybeans, and wheat. The pack factor tables and instructions can be found in the applicable crop handbooks. Pack factors are to be applied to all production on the farm not weighed; i.e., production stored in all shapes of structures, cones, inverted cones, conical piles, conveyances, etc. For production in cones and inverted cones, apply the same pack factor that is applicable to the greatest portion of the structure; e.g., the same pack factor applied to the cylindrical portion would be applied to the cone in the same structure.

(2) Although there are pack factor tables for canola, chick peas, dry peas, flaxseed, lentils, mustard, safflower, and sunflower seed, RMA is not including them because the factors are merely a test weight conversion (Actual TW/Standard TW) with no adjustment for pack in the factors:

(3) Steps in Determining Pack Factor

Step 1: Go to the Combination Test Weight and Pack Factor Table in the appropriate Handbook.

Step 2: Find the column for "Test Weight" and find column having the range of square feet of floor space for the stored grain.

Step 3. From the line showing the correct test weight move across the line to the appropriate column of square feet to find the correct pack factor.

**EXAMPLE:** Suppose corn has a test weight of 56 pounds and is stored in a structure with 254 square feet of floor space (refer to PAR. 111 B below for determining square feet of floor space). For a test-weight of 56 pounds and 254 square feet of floor space, the Table for Combined Test Weight and Pack Factor shown in the Corn Loss Adjustment Standards Handbook shows the correct pack factor would be 1.045. This factor is placed in the entry space for the test-weight factor on the Production Worksheet as shown in the examples in PAR. 113 E. Refer to PAR. 111 below for the formula for calculating farm-stored production.

## 111 FARM-STORED PRODUCTION-TO-COUNT FORMULA

AT THE INSURANCE PROVIDER'S CHOICE, ADJUSTERS ARE TO ROUND AFTER EACH STEP OR AT THE END OF THE CALCULATION.

A Regular structures - Round, Square, Hexagon, Octagon, Conical Pile, etc.

The step-by-step process used to determine production for these structures is:

(1) Record measurements accurately.

- (2) Determine gross cubic feet (Refer to PAR. 112).
- (3) Gross cubic feet minus deductions in cubic feet equal net cubic feet (Refer to PAR. 115).
- (4) Net cubic feet times Conversion Factor equals unadjusted gross production (Refer to PAR. 116).
- (5) Unadjusted Gross Production times shell factor X percent of shell or sugar factor, if applicable for the crop, equals Adjusted Gross Production for Shell or Sugar Factor. Shell factor is for ear corn. Procedures to determine percent of shell are in the Corn Loss Adjustment Handbook. Refer to the applicable crop handbooks for procedures regarding Sugar Factor. If Shell or Sugar Factor is not applicable, skip to step (6).
- (6) Unadjusted Gross Production (Adjusted Gross Production for Shell or Sugar Factor) times FM factor (if applicable) equals Adjusted Gross Production for FM (refer to PAR. 98).
- (7) Adjusted Gross Production for FM times moisture adjustment factor (if applicable) equals Adjusted Gross Production for Moisture (refer to PAR. 97).
- (8)
  - (a) For crops not having a pack factor: Adjusted Gross Production for Moisture X actual test weight divided by standard test weight equals Adjusted Gross Production (refer to PAR. 103). Actual test weight will be used for canola/rapeseed, dry beans, rice, dry peas, mustard, safflowers, and sunflowers. Refer to the Cultivated Wild Rice Handbook for specific test weight to be used.
  - (b) For crops having pack factors (refer to the list in PAR. 110 D above): Adjusted Gross Production for Moisture X Pack Factor for the applicable crop equals Adjusted Production.

Refer to subparagraph B below for calculating square footage of floor space, which is needed to determine the pack factor.
- (9) Adjusted Production minus Production Not to Count, if applicable.
- (10) Production equals the results of last applicable step; i.e., either step (8) or (9).
- (11) Production times quality adjustment factor (if crop provisions allow for quality adjustment and production qualifies for quality adjustment) equals Production to Count.
- (12) Production to count (refer to PAR.'s 95 and 96) equals the results of step (10) or (11), whichever is applicable.

**B Calculating Square Footage of Floor Space to be Used to Determine Pack Factor**

Floor space of a round structure, **cone, conical pile, and inverted cone (inverted base is the diameter)** is determined by multiplying diameter X diameter X .7854. Square footage of floor space in a square or rectangular structure is length X width. For other structure shapes, refer to PAR. 112, and use the formula for the specific shape without applying the step for depth. Refer to the applicable crop handbooks for instructions on determining the pack factor from the Combination Test Weight and Pack Factor Table.

## EXHIBIT 1

### DEFINITIONS

Irrigated Practice	A method of producing a crop by which water is artificially applied during the growing season by appropriate systems and at the proper times, with the intention of providing the quantity of water needed to produce at least the yield used to establish the irrigated production guarantee or amount of insurance on the irrigated acreage planted to the insured crop.
Kansas City (RMA) Office	The national office responsible for the acceptance and processing of electronically transmitted data for the Federal crop insurance program, for issuing actuarial documents, for issuing approved policies, underwriting and loss adjustment standards/procedures.
Late-Filed Acreage Report	Any original acreage report obtained from the policyholder after the final acreage reporting date established by the Actuarial Documents.
Late-Filed Application	Any original application for insurance signed by the producer after the sales closing date established by the Actuarial Document Book.
Late-Filed Claim	Refer to Delayed Notice.
Late Planted	Acreage initially planted to the insured crop after the final planting date or as provided in some crop provisions, during the late planting period or if due to an insured cause occurring within the insurance period for PP coverage and PP provisions are applicable to the insured crop, the acreage is prevented from planting by the final planting date or during the late planting period (if applicable for the crop), but is planted after the late planting period (final planting date if a late planting period is not applicable).
Late Planting Coverage	Refer to PAR. 137.
Late Planting Period	For crop provisions providing automatic late-planting coverage, this is the period that begins the day after the final planting date for the insured crop and ends twenty-five days after the final planting date, unless otherwise specified in the crop provisions or Special Provisions. (Not applicable for fall-planted wheat.)
Legal Description	A specified section, township, and range (or parts thereof) as identified by a land survey.
Legal Entity or Person	Refer to PAR. 14.
Level Election	The percentage of coverage selected by the insured from those offered by FCIC that is used to determine the production guarantee, premium, and dollar amount of insurance.
Liability	The dollar amount of insurance coverage used in the premium computation for the insured agricultural commodity.

**NOTE:** However, for the purpose of determining a LAF or MIF, share will be excluded from liability.

## EXHIBIT 1

### DEFINITIONS

Liability Adjustment Factor (LAF)	When the dollar claim (determined) liability (based on the actual information determined by the adjuster (excluding share) and recorded on the claim form) is greater than the dollar acreage report liability (based on the acreage information reported by the insured (excluding share)), divide the dollar acreage report liability by the dollar claim liability; e.g., acreage report liability of \$1557 divided by claim (determined) liability of \$2000 = .778500 LAF (1557/2000 = .778500 rounded to six places).
Loss Adjustment Contractor (LAC)	A person under a personal contract with the insurance provider who is authorized to perform loss adjustment and/or contract service activities and is reimbursed for services rendered.
Loss Ratio	The ratio of paid indemnities to net premium expressed as a percentage (i.e., 1.10, etc.).
Management of a Crop	Person or persons exercise control of the day-to-day operation (controls what and when to plant, till, cultivate, irrigate, fertilize, spray, and harvest) of producing and marketing the crop.
Market Price Election	The price election offered by FCIC that represents expected market prices on specific crops. It is computed annually from the Chicago Board of Trade average market price for a set period of time (see Price Election).
Measuring Wheel	An instrument composed of a handle, wheel, and counter that is used to measure ground area. As the wheel is moved along the ground, the counter measures the number of revolutions of the wheel and then is converted to acreage measurements.
MIF	An acronym for Misreported Information Factor. Factor used to reduce a replanting payment, prevented planting payment, or indemnity payment when liability (excluding share) for the unit has been under/over reported by more than 10% of the actual liability (excluding share) determined for the unit. Refer to PAR. 29 and Exhibit 18.
Multiple Peril Crop Insurance (MPCI)	Crop insurance policies, which generally cover more than one cause of loss and that are sold and serviced by reinsured companies.
NAP	An acronym for Non-Insured Assistance Program. NAP covers non-insured commercial crops or other agricultural commodities (except livestock) for which CAT Coverage is not available and that is produced for food or fiber. NAP provides coverage similar to what CAT coverage would be if the crop were insurable under multiple peril crop insurance.
National Resources Conservation Services (NRCS)	Formerly the Soil Conservation Service.
Negligence	The failure to use such care as a reasonably prudent and careful person would use under similar circumstances.
New Crop Program	The offering of insurance or reinsurance coverage by FCIC on a crop that has not previously been entitled to insurance or reinsurance coverage.

**EXHIBIT 3**

<b>CAUSE OF LOSS NAMES AND CODES</b>		
<b>LOSS CAUSE</b>	<b>CODE</b>	<b>APPLICABLE TO:</b>
NO INDEMNITY	(00)	ALL CROPS
DECLINE OF PRICE	(01)	All crops insured under, Adjusted Gross Revenue, Income Protection, Crop Revenue Coverage, Livestock Risk Protection, Livestock Gross Margin, and Revenue Assurance policies, and avocados (Revenue plan CA only) pecans, and CA Dollar Citrus. For income protection, CRC, and RA policies, this is applicable when the harvest price falls below the projected price (base price for CRC policies) and is the primary or secondary contributor of the loss. This is applicable for avocados (Revenue plan CA only) when there is a decline in the standardized season average price, for pecans when a decline in the market price used to determine the indemnity is the primary or secondary contributor of the loss, or for CA Dollar Citrus when there is a decline in the average net price received.
<b>ASIAN SOYBEAN RUST</b>	<b>(09)</b>	<b>ONLY: Soybeans</b>
DROUGHT <u>1/</u> , <u>2/</u>	(11)	ALL CROPS <b>EXCEPT:</b> Avocado and Mango Trees, Texas Citrus Fruit, Texas Citrus Trees, Florida Citrus, Cultivated Clams, Florida Fruit Trees, Livestock, Fresh Market Peppers, Raisins, Rice, Fresh Market Sweet Corn, Fresh Market. Tomatoes (\$ Plan), unless this cause of loss is provided on the Special Provisions.
HEAT <u>2/</u>	(12)	ALL CROPS <b>EXCEPT:</b> Avocado and Mango Trees, Florida Citrus, Texas Citrus Fruit, Texas Citrus Trees, Cultivated Clams, Florida Fruit Trees, Livestock, Fresh Market Peppers, Raisins, Fresh Market Sweet Corn, and Fresh Market Tomatoes (\$ Plan).
FIS (Failure of irrigation (water) supply)	(13)	ALL CROPS <b>EXCEPT:</b> Avocado and Mango Trees, Florida Citrus, Cultivated Clams, Florida Fruit Trees, Livestock, and Raisins.
FIE (Failure of irrigation equipment)	(14)	All CROPS <b>with a 2005 CCD of 8/31/2004 or later, EXCEPT:</b> Raisins
HAIL <u>2/</u>	(21)	ALL CROPS <b>EXCEPT:</b> Avocado and Mango Trees, Cultivated Clams, Florida Fruit Trees, Livestock, and Raisins.
EXCESS SUN	(22)	<b>ONLY:</b> Apples when Sunburn Option in effect.
EXCESS MOISTURE/PRECIP/RAIN <u>2/</u>	(31)	ALL CROPS <b>EXCEPT:</b> Florida Citrus, Livestock, and Cultivated Clams.
FROST <u>2/</u> , <u>3/</u> (See footnote below.)	(41)	ALL CROPS <b>EXCEPT:</b> Avocado and Mango Trees, Florida Citrus, Cultivated Clams, Florida Fruit Trees, Livestock, Fresh Market Peppers, Raisins, Fresh Market Sweet Corn, and Fresh Market Tomatoes (\$ Plan).
FREEZE <u>2/</u> , <u>3/</u> (See footnote below.)	(42)	ALL CROPS <b>EXCEPT:</b> Raisins and Livestock.

Some crop provisions may contain specific cause of loss definitions; e.g., wind, frost, or freeze. Please refer to the crop provisions for any such specifics.

1/ If the insured practice is irrigated, drought cannot be listed as the cause of loss. See PAR. 40 N for more information.

2/ If the applicable crop provisions list “adverse weather” as a cause of loss, the footnoted cause is considered “adverse weather.” For statistical purposes, RMA requires that “adverse weather” is broken down into the specific cause; e.g., drought.

3/ Special Provisions may state **freeze or frost** is not an insurable cause if this cause occurs after the specified date or for some crops is not an insurable cause if adequate **frost/freeze** protection is not in effect.

**EXHIBIT 3**

<b>CAUSE OF LOSS NAMES AND CODES</b>		
<b>LOSS CAUSE</b>	<b>CODE</b>	<b>APPLICABLE TO:</b>
COLD WINTER <u>2/</u>	(43)	ALL CROPS <b>EXCEPT</b> : Avocado and Mango Trees, Florida Citrus, Texas Citrus Fruit, Texas Citrus Trees, Cultivated Clams, Florida Fruit Trees, Livestock, Fresh Market Peppers, Raisins, Fresh Market Sweet Corn, and Fresh Market Tomatoes (\$ Plan).
COLD WET WEATHER <u>2/</u>	(44)	ALL CROPS <b>EXCEPT</b> : Avocado and Mango Trees, Florida Citrus, Texas Citrus Fruit, Texas Citrus Trees, Cultivated Clams, Florida Fruit Trees, Livestock, Fresh Market Peppers, Raisins, Fresh Market Sweet Corn, and Fresh Market Tomatoes (\$ Plan).
ICH (Insufficient Chill hrs.)	(45)	<b>ONLY the following</b> : Blueberries, Peaches, and Plums.
FLOOD <u>2/</u>	(51)	ALL CROPS <b>EXCEPT</b> : Avocado and Mango Trees, Florida Citrus, Texas Citrus Fruit, Texas Citrus Trees, Cultivated Clams, Florida Fruit Trees, Livestock, Fresh Market Peppers, Raisins, Fresh Market Sweet Corn, and Fresh Market Tomatoes (\$ Plan).
GRP CROPS ONLY	(55)	CROPS INSURED UNDER THE GRP PLAN OF INSURANCE.
WIND/EXCESS WIND <u>1/</u> (See footnote below.), <u>2/</u>	(61)	ALL CROPS <b>EXCEPT</b> : Florida Citrus, Cultivated Clams, Livestock, Fresh Market Peppers, Raisins, and Fresh Market Tomatoes (\$ Plan).
HOT WIND <u>2/</u>	(62)	ALL CROPS <b>EXCEPT</b> : Avocado and Mango Trees, Florida Citrus, Texas Citrus Fruit, Texas Citrus Trees, Cultivated Clams, Florida Fruit Trees, Livestock, Fresh Market Peppers, Raisins, Fresh Market Sweet Corn, and Fresh Market Tomatoes (\$ Plan).
CYCLONE <u>2/</u>	(63)	ALL CROPS <b>EXCEPT</b> : Avocado and Mango Trees, Florida Citrus, Texas Citrus Fruit, Texas Citrus Trees, Cultivated Clams, Florida Fruit Trees, Livestock, Fresh Market Peppers, Raisins, Fresh Market Sweet Corn, and Fresh Market Tomatoes (\$ Plan).
TORNADO <u>2/</u>	(64)	ALL CROPS <b>EXCEPT</b> : Avocado and Mango Trees, Cultivated Clams, Florida Fruit Trees, Livestock, and Raisins.
TIDAL WAVE	(65)	<b>ONLY</b> : CULTIVATED CLAMS.
OXYGEN DEPLETION	(66)	<b>ONLY</b> : CULTIVATED CLAMS.
STORM SURGE	(67)	<b>ONLY</b> : CULTIVATED CLAMS.
ASIATIC CITRUS CANKER	(70)	<b>ONLY</b> : FLORIDA FRUIT TREES.
INSECTS <u>1/</u> (See footnote below.)	(71)	ALL CROPS <b>EXCEPT</b> : Avocado and Mango Trees, Florida Citrus, Texas Citrus Trees, Cultivated Clams, Florida Fruit Trees, Figs, Livestock, and Raisins.
PREDATION <u>3/</u> (See footnote below.)	(73)	<b>ONLY</b> : CULTIVATED CLAMS.
ICE FLOE	(74)	<b>ONLY</b> : CULTIVATED CLAMS

Some crop provisions may contain specific cause of loss definitions; e.g., wind. Please refer to the crop provisions for any such specifics.

1/ Some policies may be limited or restricted for this cause of loss; see the individual crop provisions for specifics.

2/ If the applicable crop provisions list “adverse weather” as a cause of loss, the footnoted cause is considered “adverse weather.” For statistical purposes, RMA requires that “adverse weather” is broken down into the specific cause; e.g., drought.

3/ This cause of loss is excluded unless allowed by the Special Provisions.

## EXHIBIT 18

### CALCULATION SEQUENCE OF **LIABILITY** ADJUSTMENT FACTOR (LAF), MISREPORTED INFORMATION FACTOR (MIF), AND 1<sup>ST</sup>/2<sup>ND</sup> CROP REDUCTION

#### A **General Information**

- (1) Refer to PAR. 21 for information on LAF, and Exhibit 1 for definition of LAF.
- (2) Refer to PAR. 21 for information on MIF, and Exhibit 1 for definition of MIF.
- (3) Refer to PAR. 47 for information on 1<sup>st</sup>/2<sup>nd</sup> Crop Reduction.
- (4) **The liability used to determine the LAF and MIF for a replanting payment, preventing planting payment, and an indemnity payment is a separate liability for each type of payment (i.e., the liability for a replanting payment, a prevented planting payment, and an indemnity payment with the same unit number are not combined). They are kept separate in the same manner that each payment type is a separate payment.**

#### B. **Calculation Sequence of LAF, MIF, and 1<sup>st</sup>/2<sup>nd</sup> Crop Reduction**

##### (1) **Indemnity Payment:**

- Step 1. Stage Guarantee Per Acre <sup>1/</sup> X Determined Acres X LAF = Loss Guarantee.
- Step 2. Loss Guarantee minus Production to Count (dollar amount to count, if applicable) = Production or Dollar Loss.
- Step 3. Production or Dollar Loss X Price Election X Stage Price Percent Factor <sup>2/</sup>, if applicable X Insured Share X MIF, if applicable = Preliminary Indemnity.
- Step 4. Preliminary Indemnity X Multi-crop Reduction Factor, if applicable = Indemnity.

<sup>1/</sup> If a Guarantee Reduction Factor is applicable, the Stage Guarantee Per Acre is Stage Guarantee Per Acre X Guarantee Reduction Factor; e.g., Guarantee Reduction Factor would be for late planted, prevented planting acres, and is also applicable for a particular crop such as strawberries, raspberries. Refer to Appendix III (M-13 Handbook) for applicable calculation for the Stage Guarantee Per Acre for the applicable crop.

<sup>2/</sup> Refer to Appendix III/M-13 Handbook, to determine whether a Stage Price Percent Factor applies.

##### (2) **Replant Payment:**

- Step 1. Stage guarantee per acre = what the applicable crop provisions state the replant payment will be based; e.g., Lesser of: .20 of guarantee per acre or number of bushels stated in the policy.
- Step 2. Stage Guarantee per acre X Determined acres replanted X LAF = Loss Guarantee.
- Step 3. Loss Guarantee X Price Election X Insured Share X MIF = Replant Payment.

##### (3) **Prevented Planting Payment**

- Step 1 **Stage Guarantee per acre X PP% of Guarantee X =+5 or +10 option, if applicable X Determined Acres X LAF = PP Loss Guarantee.**
- Step 2 **PP Loss Guarantee** X price election X share X MIF = PP Preliminary Payment.
- Step 3 PP Preliminary Payment X Multi-crop Reduction Factor = PP Payment

**EXHIBIT 19**

**INDEX**

Absentee Insureds..... 154

Abandon (abandoned or abandonment)..... 11, 156, 157, 169, 260

Abbreviations ..... 4-5, 343

Acronyms..... 4-5

Actuarial Usage ..... 54

Actuarial, Document Precedence ..... 55

Actuarial Documents, Using for Verification ..... 55

Acreage Decrease Requests..... 45

Acreage Determinations ..... 157-165

Acreage Report..... 7, 8, 31-35, 127,129, 130, 151, 153, 278, 299

Acreage Report - Correctable Errors ..... 44, 45-47

Acreage Report - Late-Filed ..... 31

Acreage Report Reviews ..... 42, 49-50, 151-152

Acreage Reports - Revised..... 35, 41-52, 65, 67, 73, 126, 127, 130, 132, 135, 152, 318

Acreage Reports – Revised Due to Short-rated Acreage..... 47

Acreage Reports – Revised Due to Acreage Measurement Service..... 44

Acreage Report Verification..... 8, 31-33

Acreage Under Contract with a Processor ..... 76-80

Actuarial Documents..... 5, 6, 45, 47, 54-55, 299

Additional Coverage ..... 13, 299

Adjuster Responsibilities..... 7-11, 41, 292

Adjuster’s Checklist (See Claim Checklist)..... 10, 346-347

Adjustments to Production..... 192-228, 234

Adjustment to Production for Foreign Material (and/or Dockage, if allowed)..... 211-216, 217, 240

Adjustments to Production for Moisture..... 193, 211, 217, 240

Adjustments to Production for Mycotoxins..... 220-228

Adjustments to Production for Quality ..... 193-210, 220-228, 230, 234, 240

Adjustments to Production for Test weight ..... 218

Administrative Appeals ..... 267, 269, 270

Administrative Review ..... 269-270

Agreement in Writing ..... 300

Aflatoxins - See Mycotoxins

Airplane- or Broadcast-Seeded Barley, Oats, Rye, or Wheat..... 287-288

Application for Insurance ..... 15, 29, 300

APH Form ..... 30

APH Verification at Loss Time ..... 30

Appeals..... 267, 269, 270

Appraisal Modifications and Deviations ..... 173-174

Appraisals..... 35-37, 64, 65, 66, 67, 123, 124, 125, 129, 136, 140-141, 152-153, 168-173, 180-181

Appraisals - Deferred..... 170-171

Appraisals – First Insured Crop Acreage..... 94

Appraisals - Harvest of Representative Sample Areas..... 171

Appraisals Involving Acreage Row-Width Measurements ..... 174

Appraisals of Representative Sample Areas ..... 174-181

Appraisals - When insured unable to mechanically harvest crop ..... 172-173

Appraisals – When Insufficient Moisture Has Affected Seed Emergence ..... 170

**EXHIBIT 19**

**INDEX**

Appraisals – When Crop is in Dormancy ..... 170  
Appraisals – When There is Hail, Blowing Sand, Frost, or Freeze Damage ..... 170  
Appraised Production ..... 168-173  
Arbitration ..... 268  
Assignment of Indemnity ..... 38, 301  
Authorizing Insured’s Bin Markings, Load Records, and Combine Monitor Records ..... 231-235  
Authorizing Time for Harvest After Calendar Date for the End of the Insurance Period..... 140-142  
Averaging Moisture and Dockage (FM) ..... 217  
Bankruptcy ..... 292  
Basic Units ..... 107-108, 113, 278, 281-282  
Bin Markings ..... 231-234  
Blended Samples for Quality Adjustment ..... 195  
Bypassed Acreage ..... 182-184  
CAT Coverage ..... 2-3, 13, 25, 30, 107, 302  
Cause of Loss Codes ..... 331-333  
Causes of Loss (Verifying)..... 8, 154-157  
Center Irrigation Pivot System ..... 70, 111-112  
Certification Form 126, 127, 132, 136-137, 144, 145, 153, 173, 191, 192, 209-210, 293, 347, 348-351  
Certification Form - Adjuster Review ..... 137  
Certification Form - When Insured Must Return to Insurance Provider ..... 137  
Certification Form - When Used ..... 136-137  
Certification Form Standards ..... 351  
Checklist - See Claim Checklist  
Chemical Carryover Due To Adverse Weather ..... 294  
Chemical Damage - Uninsured Cause ..... 262, 264, 265  
Chemical Hazards ..... 118  
Claim Checklist ..... 10, 346-347  
Combine Monitor Tickets/Records ..... 232, 233, 234  
Commercially Sold or Stored Production Verification ..... 185  
Commingled Production ..... 30, 31, 32, 33, 44, 53, 54, 82, 95, 156, 166, 185, 233, 235, 277-283, 347  
Companion Contracts ..... 40, 41, 303  
Concealment or Misrepresentation ..... 49, 65, 120, 130, 151, 173, 191, 257, 266  
Conditioning Costs ..... 200, 201, 204, 208, 209  
Conditioning Production ..... 200, 201, 204, 208, 209  
Cones ..... 233, 244, 246  
Cones, Inverted ..... 245  
Conflict of Interest ..... 7, 10-11, 139  
Conflict Between Regulations or Procedures ..... 3, 269  
Conical Piles ..... 244  
Consolidating Moisture and Dockage (FM) ..... 216-217  
Contained Water ..... 11, 155, 260  
Continuous Cropping Practice ..... 56  
Contracted Acreage or Production With a Processor ..... 76-80  
Contracted Production – Speculative Contracts for Crops that Use Actual Value for QAF ..... 206-207  
Contracted Production – Speculative Contracts When RIVs Apply for QAF ..... 201-202  
Contract Changes ..... 29, 303  
Controlled Substance Violations ..... 118  
Controversial Cases ..... 259, 265  
Controversial Claims ..... 259-260

**EXHIBIT 19**

**INDEX**

Controversial Claim Procedure..... 259-260  
Conversions--Fractions to Percent ..... 237  
Conversions--Inches to Tenth of a Foot ..... 235  
Conversions--Metric to British Unit of Measurement ..... 237  
Conversions--Volume to Bushels, Hundredweights, or Pounds ..... 254  
Conveyance..... 195, 196, 232, 233, 277, 304  
Correctable Acreage Report Errors ..... 44, 45-47  
Corrected Claims ..... 98, 99, 267, 290-291  
Crop Inspection to Determine Acceptance of Unreported Acreage for Insurance.....43, 50, 52, 152-153  
Crop Insurance Application..... 15, 29, 300  
Crop Codes..... 322-330  
Crop Policy Information ..... 322-330  
Cubic Feet - Deductions ..... 253  
Death or Incompetency of Insured..... 291-292  
Deception by Insured.....49, 65, 120, 130, 151, 173, 191, 257, 266  
Deductions - Cubic Feet ..... 253  
Deferred Appraisals ..... 170-171  
Deferred Appraisals Due to Crop Dormancy ..... 170  
Deferred Appraisals Due to Hail, Blowing Sand, Frost, or Freeze Damage ..... 170  
Deferred Appraisals When Insufficient Soil Moisture Has Affected Seed Emergence ..... 170  
Definitions ..... 299-321  
Delayed Claims..... 143-147  
Delayed Claims - Approval or Rejection and Guidelines ..... 147  
Delayed Claim Due to Unavailability of Production Records or Price Information..... 144-145  
Delayed Notice of Damage or Loss ..... 143, 145-147  
Delayed Notice/Delayed Claims - With Companion Contract..... 145  
Delayed Notice/Delayed Claim Report ..... 146-147  
Delayed Notice/Delayed Claim Inspection..... 145-146  
Destruction of Crop.....47, 143, 199, 209, 226-227, 287, 289  
Destruction of Zero Value Crop When Quality Adjustment Applies..... 209  
Destruction Exceptions for Zero Value Crop ..... 210  
Determined Acres ..... 157-165  
Determining Cause of Loss ..... 8, 154  
Determining Farm Stored Production ..... 8, 229-234  
Determining Quality of Production - Who Can..... 196-197  
Deviations in Appraisal Methods ..... 173-174  
Discount Factor (DF) ..... 198-200  
Discount Factors, Derived from RIVs ..... 200  
Discount Factor, Pre-established..... 198-200  
Discount Factor, Pre-established from the Chart..... 198-200  
Discount Factor, Pre-established from Sample Grade ..... 199  
Discount Factor, Pre-established for Specific Allowable Grade Defects ..... 199  
Disease Infestation (Severe) ..... 287  
Dockage Definitions, FGIS ..... 374-376  
Dockage ..... 192, 193, 211-216, 217, 240  
Document Precedence ..... 3-4  
Double Coverage..... 13-14

**EXHIBIT 19**

**INDEX**

Double Cropping..... 88-93, 305  
Double Cropping Criteria ..... 89-90  
Double Fire Coverage..... 270-277  
Drying Charges..... 204, 207, 208  
Duplicate Coverage ..... 13-14  
Dual Coverage..... 13-14  
Eligible for Insurance ..... 13-14  
End of Insurance Period ..... 38, 131, 140-142, 143, 146, 155, 172, 302, 313, 318  
End of Insurance Period - Final Inspection..... 140-142  
Enterprise Unit..... 116-117, 306  
Entities ..... 21-29, 337-338  
Entity Types ..... 23-29  
Establishing Value of Production ..... 204-208  
Establishing Production – General Information ..... 166-167  
Establishing Total Production of Damaged Units ..... 166  
Establishing Total Production of Undamaged Units ..... 166  
Establishing Reduction in Value of Production ..... 200-202  
Endorsements (Options)..... 30-31  
Extending Time to Harvest (After Calendar Date for the End of the Insurance Period) ..... 140-142  
Failure of Irrigation Equipment or Facilities ..... 57-58, 61  
Failure of Irrigation Water Supply ..... 57-70  
Failure to Follow Recognized Good Farming Practices..... 157, 261-262  
Farm Program Compliance (Controlled Substance)..... 118  
Farm-Stored Production ..... 201, 204, 205, 214-215, 218, 229-240  
Farm-Stored Production-to-Count Formula ..... 239-240  
Farming Practices..... 55-80  
Fed Production Verification..... 186  
Final Inspections..... 138-147  
Fire Losses - Double Coverage ..... 270-277  
Fire Losses – General Information ..... 264, 270  
First Insured Crop Acreage..... 40, 82-83, 86, 87, 93, 95, 308  
First Insured Crop Acreage Appraisal..... 94  
First Insured Crop Codes..... 96-99  
First Insured Crop Inspection..... 94  
First Insured Crop/Second Insured Crop Claim Form Entries ..... 95, 103-104  
First Insured Crop/Second Insured Crop Q&As..... 104-106  
Flood Contaminated Crops..... 210  
Flood – Contained Water..... 155, 260  
Flood Irrigation..... 308  
Foreign Material (and/or Dockage, if Allowed) Adjustments..... 211-216, 217, 240  
Foreign Material Definitions, FGIS..... 374-376  
Form Standards ..... 1, 6, 346-347, 348-351, 352-355, 367-369, 370-373  
Formula for Determining Farm-Stored Production to Count..... 239-240  
Fractions-to-Percent Conversions ..... 237  
FSA Measured Acres..... 157, 158  
FSA-426..... 119-120, 341  
FSA Abbreviations on Aerial Maps ..... 343

**EXHIBIT 19**

**INDEX**

FSA Codes Used on FSA-578 ..... 344-345  
FSA Contact ..... 119-121  
FSA Forms ..... 120-121, 341  
FSA Visit ..... 119-121  
Furrow Irrigation ..... 69, 308  
Gleaning (Gleaned Acreage) ..... 188-192  
Gleaning Codes for Claims ..... 191  
Good Farming Practice ..... 308-309  
Good Farming Practice Determinations ..... 56, 269  
Grades of Grain for Quality Adjustment ..... 198-199  
Grain Graders ..... 196-197  
Gross-Cubic-Feet-Formulas ..... 241-244, 247, 250-252  
Growing Season Inspections ..... 149-150  
GSIs (Growing Season Inspections) ..... 149-150  
Hail-Fire Exclusion ..... 35-38, 154  
Hail-Fire Exclusion Appraisal Factor Chart ..... 339-340  
Harvested Production Verification ..... 184-185  
High-Risk Land Exclusion Option ..... 30-31  
Impractical to Replant ..... 132  
Inability to Mechanically Harvest Crops ..... 172-173  
Inches-to-Foot Conversions ..... 235  
Incorrect Unit Arrangement ..... 44, 107  
Initial Planting Practice ..... 70  
Insect Infestation (Severe) ..... 287  
Inspections ..... 123-153  
Inspection - Acreage Report Review Inspection ..... 151-152  
Inspection - Crop Inspection To Determine Acceptance of Unreported Acreage ..... 152-153  
Inspection - Final ..... 138-140  
Inspection – Final – Delayed Notice of Damage and/or Delayed Claim ..... 143-147  
Inspection – Final - End of the Insurance Period (Calendar Date) ..... 140-142  
Inspection – First Insured Crop ..... 94  
Inspection - Growing Season Inspection (GSI) ..... 149-150, 255  
Inspection - No Indemnity Due ..... 139  
Inspection - Preharvest ..... 151  
Inspection - Preliminary ..... 123-124  
Inspection - Production Pre-Measurement Service Inspection ..... 147-149  
Inspection - Replant Payment - On the Farm Inspection ..... 124-127  
Inspection - Replant Payment - Self-Certification ..... 127-130  
Inspection – Second Crop Acreage ..... 94-95  
Insurable Acreage ..... 75-80  
Insurable Farming Practices ..... 55-75  
Insurable Share ..... 15  
Insurance Provider Initiated Inspections ..... 149-152  
Insurance Provider Responsibilities ..... 6-7  
Insurance Qualifications ..... 14-15  
Insured Crop ..... 80-81  
Insured-Initiated Services ..... 147, 152

**EXHIBIT 19**

**INDEX**

Interest Payment on Claims..... 153-154

Inverted Cone .....245

Irrigated Practice – Causes of Loss that Generally Do Not Occur.....69

Irrigated Practice – Environmental Diversion of Irrigation Water .....59

Irrigated Practice – Electricity or Water Rights Buy-Back Programs .....59

Irrigated Practice – Increased Costs of Water, Electricity, Fuel, etc.....58

Irrigated Practice - Insured Aware of Water Restrictions..... 67-68

Irrigated Practice – Insured Unable to Prepare Land for Established Irrigation Method.....69

Irrigated Practice – Insured’s Diversion of Irrigation Water ..... 65-67

Irrigated Practice – Insured Fails to Carry Out Good Irrigation Practice.....57, 61, 67

Irrigated Practice Guidelines..... 59-62

Irrigated Practice Procedures ..... 57-70

Irrigation Assessments - (Regional and National) .....63

Irrigation Equipment Failure..... 57-58

Irrigation Facilities Failure..... 57-58

Irrigation Pivot System..... 70, 111-112

Irrigation Practice - Random Reviews ..... 63

Irrigation Water and Facilities - Adequate..... 60-61, 64

Irrigation Water - Inadequate .....65, 68

Items Not Applicable to CAT..... 2-3

Judicial Review .....270

LAF ..... 4, 34, 48, 49, 158, 312, 377

Large Claims Reviews .....270

Late Planting Coverage ..... 295-297

Late Planting Instructions ..... 295-297

Late-filed Acreage Report.....31

Lease Agreements..... 16-19

Liability Adjustment Factor (LAF).....4, 34, 48, 49, 158, 312, 377

Liability Decreases..... 45

Liability Increases .....48

Licensed Grain Graders..... 196-197

Load Records ..... 185, 231-233, 235, 368

Local Market Price .....200, 204, 206

Loss Adjustment Responsibilities ..... 6, 7-11

Loss Notice ..... 39-40, 135, 141, 143, 156, 313, 367-369

Measurement of Perennial Crop Acres..... 160-161

Measurement Methods for Determined Acres .....161

Measurement Methods for Determined Acres - Wheel Measuring Method & Formulas ..... 161-165

Measurement of Non-crop Acres.....160, 162

Mechanically Unharvestable Acreage ..... 172-173

Mediation .....267, 268

MIF .....4, 33, 49, 129, 158, 312, 377

Misrepresentation/Deception by Insured .....49, 65, 120, 130, 151,173, 191, 257, 266

Misreported Information .....33-34, 49, 129, 158, 290, 312, 377

Misreported Information Factor (MIF).....4, 34, 49, 129, 158, 312, 377

Misreported Practice.....49, 75

Misreported Practice/Type Within the Same Unit.....49

**EXHIBIT 19**

**INDEX**

Modification to Destroy Crop before Indemnification ..... 292-293

Moisture Adjustment Factors ..... 211

Moisture Adjustments ..... 192, 193, 211, 240

Moisture Test ..... 211

MPCI Non-Waiver Agreement (See Non-Waiver Agreement)

Multiple Cropping Codes ..... 96-100

Multiple-Cropping Exception Flag ..... 101-102

Mycotoxins ..... 220-228

Mycotoxins - Approved Testing Facilities ..... 223-224

Mycotoxins - Determining RIVs ..... 203, 225-226, 228

Mycotoxins- Discrepancy Between Test Results ..... 225

Mycotoxins - Documentation ..... 225

Mycotoxins - Production Delivered to Elevator ..... 224

Mycotoxins - Sample Requirements ..... 221

Mycotoxins - Sample Size and Transportation ..... 224

Mycotoxins - Representative Area Sampling Methods ..... 221-223

Mycotoxins - Settlement of Claim ..... 226

Net Cubic Feet Formula ..... 253

No Indemnity Due ..... 139

Non-irrigated Practice ..... 70

Notice of Prevented Planting or Notice of Damage or Loss ..... 39-41, 135, 141, 143, 156, 313

Notice of Prevented Planting or Notice of Damage or Loss - Form Standards ..... 367-369

Obstacle Deductions for Studs, Joists, Vents, etc. .... 229, 253

Non-Waiver Agreements ..... 138, 255

Optional Endorsements ..... 5, 6, 30, 347

Optional Units ..... 108-113

Optional Units - Center Pivot Irrigation System ..... 111-112

Optional Units - Dry Beans and Contract Seed Beans ..... 113

Optional Units - Irrigated and non-Irrigated ..... 110

Optional Units – Written Unit Agreements ..... 113-116

Optional Units by FSN, Section or Section equivalent..... 110

Options ..... 6, 30, 347

Organic Farming Practice ..... 70-75, 110-111

Over reported Acreage ..... 45

Pack Factor..... 239, 240

Perennial Crop Acreage Measurements..... 160-161

Pesticide Hazards..... 118

Photographs for Documentation ..... 142, 173, 256-257

Policy Confirmation ..... 314

Power of Attorney ..... 41, 315, 337

Practical to Replant..... 76, 123, 131, 132

Pre-Acceptance Inspection..... 68

Pre-established DF’s for Grade ..... 198-199, 203

Pre-established DF’s from Chart ..... 198, 202-203

Pre-Measurement Service Inspection - See Production Pre-Measurement Service Inspection

Pre-Harvest Inspections ..... 151, 255, 266

Preliminary Inspections..... 123-124, 261

**EXHIBIT 19**

**INDEX**

Procedural Conflict ..... 3  
Procedural Questions ..... 3, 269  
Problem Cases ..... 255-262, 266  
Production Establishing ..... 166-192  
Production Not to Count ..... 186-188, 240, 248, 249  
Production Verification..... 167-168, 184-186  
Production Weighted and Farm Stored ..... 230-231  
Production Pre-Measurement Service Inspection ..... 147-149  
Production from Unreported Units ..... 166, 167, 284-286  
Production Worksheet- Continuation Sheets..... 370-373  
Production Worksheet – Continuation Sheet Form Standards ..... 370-371  
Production Worksheet TPC – Continuation Sheet Form Standards ..... 372-273  
Purpose of Handbook ..... 1  
Qualifications for Insuring Crop ..... 14-15  
Quality Adjustment..... 189, 193-211, 218, 220-228  
Quality Adjustment – Samples, Blended ..... 195-196  
Quality Adjustment – Samples, Unblended ..... 195  
Quality Adjustment in Crop Provisions (not in the SP) and Production is Contracted ..... 206-207  
Quality Adjustment in the Special Provisions (SP) and Production is Contracted ..... 201-202  
Quality Adjustment Factor (QAF)..... 194, 198, 200, 202, 203, 204, 206, 207, 210, 226, 240  
Quality Adjustment - For Crops with QA provisions in the SP ..... 198-204  
Quality Adjustment – For Crops Without QA provisions in the SP ..... 204-208  
Quality Adjustment - Transportation Costs When there Are DFs ..... 200  
Quality Adjustment – Transportation Costs When There Are RIVs ..... 201  
Quality Adjustment – Transportation Costs for Crops Not Having QA in the SP ..... 204-205  
Quality Adjustment – Samples from Harvested and Delivered Production ..... 195-196  
Quality Adjustment – Sample Requirements for Adjuster-Obtained Samples ..... 194;  
Quality Adjustment - Who Can Determine ..... 196-197  
Quality Adjustment – Who Can Obtain Samples ..... 194  
Reconsideration..... 269  
Recording Measurements (Farm-Stored Production) ..... 229  
Reduction In Value (RIV) - Determining ..... 200-204  
Replant - When required..... 131  
Replant - Impractical to Replant ..... 132-133  
Replant – Practical to Replant ..... 131-132  
Replant Inspection Instructions - On the Farm Inspection ..... 124-127, 135-136  
Replant Inspection - Self-Certified ..... 127-130  
Replant Payment Inspections ..... 124-130  
Replanting - Availability or Cost of Seed/Plant ..... 134  
Replanting – Inability of Insured to Replant After Damaged Crop Removed To Replant ..... 134-135  
Replanting - Planting Other Acreage in Lieu of Acreage Initially Planted ..... 134-135  
Replanting During the Late Planting Period Due to an Uninsured Cause ..... 136  
Replanting on Interplanted Acreage ..... 134  
Replanting Payment, Offsetting Amounts Due ..... 131  
Replanting Provision Issues ..... 131-136  
Replanting Restrictions Due to Properly Applied Herbicides ..... 133-134  
Report Writing for Unusual/Controversial Cases ..... 255-256

**EXHIBIT 19**

**INDEX**

Representative Sample Areas Appraisals ..... 174-181

Representative Sample Areas - Establishing Areas for Appraisals ..... 176-180

Request to Decrease Acreage..... 45

Requests for FSA Documents ..... 119-120, 341

Responsibility of Adjuster ..... 7-11

Responsibility of Insurance Provider ..... 6-7

Responsibility of Insured..... 11-12

Responsibility of RMA..... 5-6

Revised Acreage Reports..... 35, 41-52, 65, 67, 73, 126, 127, 130, 132, 135, 152, 318

Revised Acreage Reports Due to Acreage Measurement Service Results ..... 48

Revised Acreage Reports Due to Short-rated Acreage ..... 47

Revised Acreage Report Examples ..... 50-52

Round Bin Chart ..... 253, 358-366

Rounding Rules ..... 236

Row-width Measurement Involving Skip-row Patterns for Sample Selection for Appraisals ..... 174

Samples for Quality Adjustment, Blended ..... 195-196

Samples for Quality Adjustment, Unblended ..... 195

Sample Requirements for Adjuster-Obtained Samples for Quality Adjustment..... 194-195

Second Crop Acreage ..... 40, 81-93, 318

Second Crop Codes ..... 100

SBI Information ..... 22-23

Self-Certification Replant Inspections..... 127-130

Self-Certification Replant Worksheet and Completion Instructions ..... 352-356

Self-Certification Replant Worksheet Form Standards ..... 352-356

Signature on Insurance Forms ..... 10, 22, 30, 39, 41, 143, 255, 293, 337-338

Share, Determining..... 15-21

Share, Discrepancies..... 18-19

Shares, Spouses ..... 19-20

Short-rated acreage..... 47

Skip-Row Planting Pattern (Cotton)..... 166

Special Farming Practices ..... 56-75

Sold Production ..... 185, 201, 205, 213-214

Sold Production Verification..... 185

Speculative-type Contracts..... 201-202, 206-207

Spouses (Entities)..... 23-24

Spouses (Shares)..... 19-20

Square Root Tables..... 357

Square Footage of Floor Space..... 240

Stored Production ..... 211, 213-215, 218, 229, 230-231, 238

Standard Bushel Weights ..... 219

Strip-Tilling..... 288

Stud and Joist Computations ..... 253

Subrogation ..... 266-267

Substantial Beneficial Interest (SBI) ..... 22-23

Subsequent Planted Crops..... 93

Summary of Coverage..... 7, 51, 319

Summary of Insurance - See Summary of Coverage

**EXHIBIT 19**

**INDEX**

Summerfallow Practice ..... 56-57  
Test Weight..... 198, 218-219  
Total Production, Appraised and Harvested ..... 167-168  
Transfer of Right to Indemnity ..... 38-39  
Transportation Costs ..... 189-190, 200-201, 204-205, 208, 209, 226  
Unable to Mechanically Harvest Due to Insured Cause ..... 172-173  
Uninsured Causes of Loss..... 58, 59, 135, 154-156, 169, 180, 181, 259-265  
Uninsured Cause of Loss - Determining the Amount ..... 262-264  
Uninsured Cause of Loss Appraisals..... 47, 64, 65, 66, 133, 134, 157, 169, 181, 259-260, 294  
Uninsured Cause of Loss - Documentation ..... 264  
Uninsured Causes of Loss Partial Investigating Guide..... 265  
Unit Arrangement Incorrect..... 107  
Unit Division..... 108-113, 116  
Unit Division Option ..... 107  
Unit Structures ..... 107-113, 116  
Units of Measure of Production ..... 334-336  
Unit, Optional Units by Written Agreement ..... 113-116  
Unit Verification..... 106-107  
Unblended Samples for Quality Adjustment ..... 195  
Unreported Acreage Discovered Prior to Harvest ..... 52  
Unreported Acreage Which May Be Late Planted ..... 53-54  
Unreported Insurable acreage ..... 53  
Unreported Uninsurable Acreage ..... 53-54  
Unreported Units..... 31, 52-53, 153, 166, 167, 169, 278, 283-286  
Unusual Storage Configurations..... 245-252  
Undamaged Units (Non-Loss Units) - Production Verification..... 166  
Unusual/Controversial Cases ..... 259-266  
Verifying Acreage Report Information..... 8, 31-33  
Verifying APH During Loss Adjustment Inspection..... 30  
Verifying Cause of Loss..... 8, 154, 156  
Verifying Entities ..... 9, 21-22  
Verifying Fed Production ..... 186  
Verifying Harvested Production ..... 184  
Verifying Insured Crop ..... 80-81  
Verifying Insurable Acreage..... 75-80  
Verifying Production Not to Count ..... 186-188  
Verifying Shares ..... 9, 15-21  
Verifying Sold or Commercially Stored Production ..... 185  
Verifying Total Production - Appraised and Harvested..... 167-168  
Verifying Whether Flood Water Is Contained Water..... 11, 155, 260  
USDA Farm Program Compliance (Controlled Substance Violation) ..... 118  
USWA Licensed Warehouses ..... 197  
Videoing for Documentation ..... 256-257  
Volume-to-Bushel Conversions ..... 254  
Volume-to-Hundredweight Conversions ..... 254  
Volume-to-Pounds Conversions ..... 254  
Vomitoxin ..... 220-227, 228

**EXHIBIT 19**

**INDEX**

Weed Infestation (Severe)..... 287  
Weighed and Farm-Stored Production ..... 230-231  
Wheel Measuring Method and Formulas..... 161-165  
Whole Farm Unit..... 116, 117-118  
Wind Erosion (Severe)..... 288-290  
Withdrawal of Claim (Also see No Indemnity Due Claims)..... 139  
Written Agreement..... 2, 6, 29, 32, 45, 53, 55, 70, 75, 113-116, 300, 321  
Written Unit Agreements..... 113-116  
Zero-Value Production When Quality Adjustment Applies ..... 189, 208-210, 226, 349