SILAGE SORGHUM PILOT LOSS ADJUSTMENT STANDARDS HANDBOOK

2006 and Succeeding Crop Years
THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-ISSUED LOSS ADJUSTMENT STANDARDS FOR THIS CROP FOR THE 2006 AND SUCCEEDING CROP YEARS. ALL REINSURED COMPANIES WILL UTILIZE THESE STANDARDS FOR BOTH LOSS ADJUSTMENT AND LOSS TRAINING.

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: See changes or additions in text which have been highlighted. Three stars (***). identify where information has been removed.

Changes for the Crop Year 2006 (FCIC-25840-1) issued November 2005:

1. Subsection 2 A: Revised to clarify the minimum distribution of forms completed by the adjuster and signed by the insured (or insured’s authorized representative) for the loss adjustment inspection.

2. Subsection 3 A (1) (b) 1 & 2: Clarified that acreage planted to a combine-type hybrid grain sorghum (grown from hybrid seed), or Sudan or Sudax varieties, varieties developed for haying and grazing, or any other variety not intended for the production of silage is not insurable.

3. Subsection 3 A (5): Added new endorsement language that states the insured must notify the insurance provider at least seven (7) calendar days prior to any acreage of the silage sorghum crop being harvested and placed in silage bags, and that such acreage must be appraised prior to harvest or appraised from representative strips.
4. Subsection 3 A (5): Added new endorsement language that states the total production to count will include appraised production of not less than the production guarantee for any acreage for which the insured failed to give notice or leave the representative samples required in the Silage Sorghum Endorsement.

5. Subsection 3 C: Removed the specific provisions that were also stated in the LAM. Instructed the adjuster to refer to the CIH and LAM for provisions and procedures not applicable to CAT.

<table>
<thead>
<tr>
<th>Control Chart For: Silage Sorghum Pilot Loss Adjustment Standards Handbook</th>
<th>SC Page(s)</th>
<th>TC Page(s)</th>
<th>Text Page(s)</th>
<th>Reference Material</th>
<th>Date</th>
<th>Directive Number</th>
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<td>11-2005 9-2004</td>
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1. INTRODUCTION

THIS HANDBOOK MUST BE USED IN CONJUNCTION WITH THE LOSS ADJUSTMENT MANUAL (LAM).

This handbook identifies the crop-specific procedural requirements for adjusting Multiple Peril Crop Insurance (MPCI) losses in a uniform and timely manner. These procedures, which include crop appraisal methods and claims completion instructions, supplement the general (not crop-specific) procedures, forms, and manuals for loss adjustment identified in the LAM.

2. SPECIAL INSTRUCTIONS

This handbook remains in effect until superseded by reissuance of either the entire handbook or selected portions (through slipsheets or bulletins). If slipsheets have been issued for a handbook, the original handbook as amended by slipsheet pages shall constitute the handbook. A bulletin can supersede either the original handbook or subsequent slipsheets.

A. DISTRIBUTION

The following is the minimum distribution of forms completed by the adjuster and signed by the insured (or insured’s authorized representative) for the loss adjustment inspection:

One legible copy to the insured. The original and all remaining copies as instructed by the insurance provider.

It is the insurance providers’ responsibility to maintain original insurance documents relative to policyholder servicing as designated in their approved plan of operations.

B. TERMS, ABBREVIATIONS, AND DEFINITIONS

(1) Terms, abbreviations, and definitions general (not crop specific) to loss adjustment are identified in the LAM.

(2) Terms, abbreviations, and definitions specific to silage sorghum loss adjustment and this handbook, which are not defined in this section, are defined as they appear in the text.

(3) Abbreviations:

CAT    Catastrophic Risk Protection
CIH    Crop Insurance Handbook
(4) Definitions:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved Yield</td>
<td>The actual production history (APH) yield, calculated and approved by the verifier, used to determine the production guarantee by summing the yearly actual, assigned, adjusted or unadjusted transitional yields and dividing the sum by the number of yields contained in the database, which will always contain at least four yields. The database may contain up to 10 consecutive crop years of actual or assigned yields. The approved yield may have yield adjustments elected under section 36, revisions according to section 3, or other limitations according to FCIC approved procedures applied when calculating the approved yield.</td>
</tr>
<tr>
<td>Approved (indexed) Yield</td>
<td>The insured's approved yield as defined in the Common Crop Insurance Policy Basic Provisions multiplied by the yield index.</td>
</tr>
<tr>
<td>Average County Yield</td>
<td>If the insured reported at least four years of actual production history, the sum of the county average yields shown in the actuarial documents for the same years for which the insured reported actual production history divided by the number of years that the insured reported. In all other cases, average county yield is the sum of the county average yields shown in the actuarial documents for the last ten crop years divided by ten.</td>
</tr>
<tr>
<td>County Average Yield</td>
<td>The estimate of the average productivity per acre of silage sorghum for a previous crop year contained in the actuarial documents. This value represents the estimated total production of silage sorghum in the county divided by the estimated planted acres for a crop year.</td>
</tr>
<tr>
<td>County Expected Yield</td>
<td>A value included in the actuarial documents that represents the estimate of the county average yield that would be achieved for the crop year under normal production conditions. This value is based on statistical analysis of the trends in production in the county.</td>
</tr>
<tr>
<td>Dual Purpose</td>
<td>Sorghum varieties that may be harvested either for grain production or as silage (tons per acre) and that are not insurable under the Coarse Grains Crop Provisions for the production of grain.</td>
</tr>
</tbody>
</table>
Photoperiod Sensitive  Sorghum varieties that will not produce grain because of unique genetics that prevent flowering under normal growing conditions and that have been bred specifically for the production of silage.

Silage sorghum  Dual purpose grain sorghum varieties (a type used for both grain and forage), male sterile grain sorghum varieties, or photo-period sensitive grain sorghum varieties, that have been developed to produce green matter to be ensiled. Varieties not covered under this endorsement include Sudan, Sudax, haying and grazing varieties, or any other variety not intended for the production of silage.

Sterile  Sorghum varieties that will not produce grain because the plants are sterile and have been bred specifically for the production of silage.

Yield Index  The ratio calculated by dividing the county expected yield by the average county yield.

The Yield Index is used to adjust the Approved APH Yield for purposes of calculating the production guarantee (per acre) for Silage Sorghum.

3. INSURANCE CONTRACT INFORMATION

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

A. INSURABILITY

(1) The crop insured will be all the silage sorghum planted in the county for which a premium rate is provided by the county actuarial documents, in which the insured has a share; and:

(a) That is adapted to the area based on days to maturity and is compatible with agronomic and weather conditions in the area; and:

(b) That is planted for harvest as silage, and is not:

   1. a combine-type hybrid grain sorghum (grown from hybrid seed); and

   2. Sudan or Sudax varieties, varieties developed for haying and grazing, or any other variety not intended for the production of silage;

   3. interplanted with another crop; or
planted into an established grass or legume.

(3) Any acreage of the insured crop damaged before the final planting date, to the extent that the majority of producers in the area would normally not further care for the crop must be replanted unless the insurance provider agrees that it is not practical. Refer to the LAM for replanting provision issues. Refer to Section 4 of this handbook for replanting payment procedures.

(4) No written agreements may be authorized under the Pilot Silage Sorghum Endorsement to modify any terms of the contract or to extend coverage to any county for which actuarial documents are not filed.

(5) In addition to the requirements in section 14 of the Basic Provisions the insured must notify the insurance provider at least seven (7) calendar days prior to any acreage of the silage sorghum crop being harvested and placed in silage bags or utilized in any manner other than for the production of silage. Any production placed in silage bags or utilized in any manner other than for the production of silage must be appraised prior to harvest, or appraised from representative strips designated by the insurance provider after harvest for loss purposes or for reporting yield history. This requirement also applies when a notice of loss has not been filed.

(6) In addition to the provisions in the Coarse Grains Crop Provisions, the total production to count will include appraised production of not less than the production guarantee for any acreage for which the insured failed to give notice or leave the representative samples required in the Silage Sorghum Endorsement.

B. PROVISIONS AND PROCEDURES NOT APPLICABLE TO CAT COVERAGE

Refer to the CIH and LAM for provisions and procedures not applicable to CAT.

C. UNIT DIVISION

Refer to the insurance contract for unit provisions. Unless limited by the Crop or Special Provisions, a basic unit, as defined in the Basic Provisions, may be divided into optional units if, for each optional unit, all the conditions stated in the applicable provisions are met.

D. CALCULATING QUANTITY OF SILAGE SORGHUM – SEE WARNING BELOW!

**WARNING:** THERE IS DANGER OF GASES IN TIGHTLY CONSTRUCTED SILOS. The insurance provider shall establish methods to be used, depending on the TYPE OF STRUCTURE INVOLVED.

Quantity of silage in storage is calculated by determining the volume, in cubic feet, occupied by the silage, correcting for packing depth (sample weight factor) and test weight per cubic foot. The silage test weight corrects the gross weight to reflect the individual character of the silage (fineness of chop, moisture, leaf percent, panicle percent, etc.). **TABLES G and H** provides the gross weight of silage in upright silos according to diameter and depth. For other structures:
(1) Determine volume, in cubic feet, occupied by the silage.

(2) Multiply the volume, in cubic feet, by the silage weight factor, and then divide by 2000 to determine tons.