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LOSS ADJUSTMENT MANUAL (LAM) STANDARDS HANDBOOK

2009 and Succeeding Crop Years

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

FEDERAL CROP INSURANCE HANDBOOK		NUMBER: 25010 (02-2009) 25010-1 (06-2009)	
SUBJECT: LOSS ADJUSTMENT MANUAL (LAM) STANDARDS HANDBOOK 2009 and SUCCEEDING CROP YEARS		OPI: Product Administration and Standards Division	
		APPROVED: <i>Rodger Matthews</i> Deputy Administrator, Product Management	DATE: <i>6/11/09</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.

Changes for May 2009 Issuance (FCIC-25010-1):

1. PAR. 19 Changed subparagraph B to A. Changed subparagraph A to B and replaced the specific mandatory reviews listed in the SRA with a reference to Appendix IV of the SRA for required APH reviews and instructions.
2. PAR. 80 F (4) Clarified that paragraph 80 I can apply by adding "unless there is a need to estimate acres as allowed in PAR. 80 I below."
3. PAR. 80 I Provided other examples of when it may be considered to be impractical to take measurements.

SECTION 2 INSURED'S CONTRACT INFORMATION

15 CONTRACT INFORMATION AND VERIFICATION

Before the appointment and inspection are made, thoroughly review all documents in the contract folder or data from the processed documents that are applicable to the inspection. Some information must be verified by the adjuster at the time of the on-the-farm visit. The following paragraphs contain verification requirements of the data on these forms.

16 APPLICATION

Before a loss adjustment inspection can be done, the AIP must assure that there is a properly accepted application confirmed by a policy confirmation (defined in Exhibit 1). For further information regarding the application, refer to the CIH.

17 CONTRACT CHANGES

Prior to assignment of the loss inspection, the AIP is responsible for verifying any timely filed contract change for the crop and crop year that would affect the loss inspection and indemnity payment. If it is discovered during the loss inspection that a timely contract change has not been processed, contact your AIP for further instructions. Refer to the CIH for more information regarding changes in price election, level, cancellation, and successor-in-interest.

18 WRITTEN AGREEMENT

Verify whether any written agreement is in effect for the crop and crop year being inspected. If there is, read the entire agreement and determine how it affects the crop being inspected; e.g., a practice that is not otherwise insurable is insurable via this agreement, etc.

19 APH FORM (PRODUCTION AND YIELD REPORT)

A Review Approved APH Yields. An APH form with the current approved APH yield must be on file in order to complete a claim. Unless subparagraph B applies, the AIP will verify the approved APH during the loss adjustment inspection, as follows:

- (1) Review the actual yields certified by the insured for reasonableness.
- (2) Perform a cursory review to determine if the APH yield was calculated accurately.
- (3) Compare the approved APH yields to the acreage report. Verify that the correct APH yields have been entered on the acreage report (by unit, Practice/Type/Variety, map area, etc.).
- (4) Conduct additional reviews and/or make corrections, as appropriate, if:
 - (a) A current approved APH yield is not on file;
 - (b) Yields certified do not appear to be reasonable; or
 - (c) The approved APH yield appears to have been calculated incorrectly.

If a correct/current APH yield cannot be verified before an inspection must be made, and the insured has a *bona fide* contract and claim, the inspection may be made but the claim cannot be finalized (do not obtain the insured's signature).

B Required Mandatory Reviews Requiring APH Field Reviews. Refer to Appendix IV of the SRA for information and instructions.

20 OPTIONS AND ENDORSEMENTS

A High-Risk Land Exclusion Option

If an option is in effect, verify that:

- (1) None of the acreage designated as high risk is included with insured acreage on the acreage report. If such acreage is included as insured acreage on the acreage report, revise the acreage report to correctly reflect the insured and uninsured acreage. (It is possible that the insured may have this high-risk land insured under a separate CAT policy - see the CIH for more information), and
- (2) Harvested production from the acreage designated as high risk has been kept separate. If it has not, refer to the commingled production procedure in PAR. 126.

B Review of Other Option Forms or Endorsements

Review any other option form or endorsement that pertains to the crop and crop year being inspected. Make any appropriate verification as it pertains to the provisions of the option or endorsement. If there is insured and uninsured acreage, verify that harvested production has been kept separate or is allowed to be separated by meeting the criteria in PAR 126. If it has not, refer to the commingled production procedure in PAR. 126.

21 ACREAGE REPORT

A General Information

- (1) If it is after the ARD, there must be an acreage report on file with the AIP before a claim can be filed.

- (2) If the adjuster measures the acres because the adjuster does not believe the reported acres would be within the 5% tolerance, the measured acres must be used even when the measured acres are within the 5% tolerance.

EXAMPLE 1: The insured reports and certifies 100 acres planted. The adjuster believes the acreage would measure more than 105 acres. The adjuster measures the acreage to be 104 acres. The 104 acres must be used as the determined acres even though it is within the 5 % tolerance. Therefore, the insured has under-reported acres and all production from the 104 acres will be applied to the liability for the 100 acres the insured reported.

EXAMPLE 2: The following is an example of a situation where the reported acreage is within the 5 percent tolerance, but cannot be used as the determined acreage:

- Previous measurement = 80 acres (field boundaries have not changed).
- Crop insurance acreage report = 80 acres of corn.
- Entire field planted to boundaries, but about 2 acres are oats.

In this instance, the reported acres cannot be used as the determined acres. Either an actual measurement must be made (e.g., wheeled) OR because the reported acreage is within the 5 percent tolerance, the acreage can be determined as follows: estimate the oat acreage and deduct from the reported corn acreage. Determined corn acres = 78 acres (80 - 2 = 78).

F When AIP Must Measure Acreage

Acreage must be measured (or re-measured, as applicable) IF it fails to meet the criteria described in A, B, C or D above OR if any of the following apply:

- (1) Part of a unit is released and that part released will lose its field identity (i.e., there will be no way to establish the amount of acres at the time of a final loss inspection because of the loss of field identity);
- (2) Part of a field has been harvested and the rest of the field has not. In this case, the acres of the harvested and unharvested portions of the field must be determined by the adjuster's actual measurement¹.
- (3) Part of the fields in the unit has been harvested, and part of the fields in the unit has not been harvested. Individual measurements of each field are not available for the crop year. In this case, the acres of the harvested and unharvested fields must be determined by the adjuster's actual measurement.
- (4) Part of the field is planted and part of the field is claimed as PP acres. The PP acres in the field must be measured and the planted acres must be measured if there is a loss on the planted acres, unless there is a need to estimate acres as allowed in PAR. 80 I below.¹

¹ Measuring the entire field and measuring either the harvested or unharvested portion (or planted or PP portion, if applicable) of the field and subtracting that amount from the entire field measurement is acceptable. Additionally, if the field has a permanent measurement, only one of the portions of the field need be measured.

- (5) The AIP or the insured has reason to question the accuracy of the measurement or does not agree with the previously measured acres;
- (6) Field boundaries have changed;
- (7) Only a portion of a field is planted and measurements for determining the planted portion are unavailable;
- (8) Acreages of varying practices, types, appraisals, etc., (as appropriate to separate on the claim) are not separated; or
- (9) When there are non-crop acres, so that this measurement can be deducted from the determined acres in the field, orchard, etc.

G Acreage Measurement of Perennial Crops

(1) Must Be Land-Acre Measurements

All acreage measurements for perennial crops will be based on land acres (i.e., planimetered, wheeled/taped, GPS, etc.) with deductions for non-crop areas, except as allowed in subparagraph 3. Within the land-acre measurement method, tree/vine/bush acres may be used to determine acreage for limited situations. To determine tree/vine/bush acreage, the tree/vine/bush spacing(s) and number of trees/vines/bushes must be determined/verified. Non-crop acreage must be determined in the same manner as when land-acre measurements are employed. When blocks/groups of trees/vines/bushes are removed, the acreage is measured/determined and then deducted.

(2) How to Make Land-Acre Measurements

- (a) Measure around the outside of each block/plot of trees/vines/bushes based on the spacing within row and between rows.
- (b) For the length, measurements should extend beyond the end of the rows, by $\frac{1}{2}$ the within-row spacing, from the center of the outside plants on the end of the rows. However, where a road forms an orchard boundary, the measuring point will be $\frac{1}{2}$ the spacing between tree rows not to extend past the center of the road.
- (c) For the width, measurements should extend past the outside row of each block/plot by $\frac{1}{2}$ the distance between rows.

EXAMPLE: An orchard has 15' x 25' spacing, or an average of 15 feet between trees (center of tree to center of tree) within row and 25 feet between rows (center of tree to center of tree). Measurements would begin $\frac{1}{2}$ of 15' (7.5') from the middle of the trunk of the end tree in the outside row extend $\frac{1}{2}$ of 25' (12.5') from the outside row, using the same spacing and around the entire block (7.5 feet beyond the ends of the rows and 12.5 feet beyond the outside rows, referred to as the drip line).

(3) **Use of Tree/vine/bush Acreage Determination Rather Than Land-Acre Measurements**

(a) Tree/vine/bush acreage determinations are acceptable for the following situations:

- 1 There are different ages and/or types, varieties, or other characteristics for different T-yields, and/or interplanted crops within a particular tract of measured acreage. The sum of the parts must be equal to the measured acreage.

Adjustments in acreage are required when a reduction in stand due to wind, disease, other natural occurring weather-related event, or man-made event occurs prior to insurance attaching. The insured is subject to an MIF if the initial liability was over-reported in excess of 10%, as specified in PAR. 21 D.

- 2 There are irregular shaped fields if the acreage has not been previously measured and FSA aerial photography that identifies the acreage is NOT available at the local FSA office.

- 3 The acreage consists of irregular terrain (such terrain is not conducive to accurate wheel/tape measurements) and if:

a Such acreage has NOT been previously measured, and

b FSA aerial photography that identifies the acreage is NOT available at the local FSA office.

- (b) Refer to Exhibit 19 for instructions and calculation formulas for making tree/vine/bush acreage determinations for various planting patterns and the CIH and/or SPOI for acreage adjustments when significant reductions in percent stand are applicable.

H Measurement Methods

(1) Acreage measurement for loss adjustment purposes must be performed by using:

- (a) the measuring wheel, or
- (b) FSA-accepted measuring methods or devices used with aerial photos that are to scale (such as: polar planimeter, digitizer, or scale rule).

(2) Surveying devices, global positioning systems (GPS), remote sensing devices used in conjunction with aerial photos or satellite imagery, etc., may be used if accuracy is comparable to the measurement methods listed above.

I When Measurement Estimates Are Allowed

*** Acreage breakdowns WITHIN a UNIT or field may be estimated if a determination is impractical. (Some situations where acreage might be considered impractical to measure (but not limited to) are the following: flooded portion of a field; numerous potholes within a field; a levy breaking and resulting in

removal/destruction of border(s) of the field or delineation of portion of the field planted and portion prevented from planting.) Explain why acreages could not be measured, including method to make the estimate in the Narrative of the claim or on a Special Report. Total acreage for the field or unit however, must be determined in accordance with the procedures in subparagraph A-H above.

- J Documentation. Document, in the narrative of the claim or on a Special Report, the method of acreage determination and any calculations used to arrive at the determined acres; e.g., "Acreage wheel measured - Field A - 215.0 W X 180.0 W = 38.7 acres; Field C - 220.0 W X 185.0 W = 40.7 acres; Total unit acreage - 38.7 + 40.7 = 79.4 acres, or in the case of determined acres via the acreage the insured certified to on his/her MPCl acreage report; "Determined acres using MPCl acreage report-would measure within 5 percent."

81 WHEEL MEASURING METHOD AND FORMULAS

A When measuring with a measuring wheel:

- (1) Determine the basic lines of linear measurements needed to calculate the acreage. Refer to subparagraph D below for examples of basic measurements (and Combinations) required.
- (2) Begin each linear measurement with the revolution counter turned to indicate all "0's." If the wheel has a white spoke, start with the white spoke on the ground and the counter at "0."
- (3) Walk in a straight and direct line. Do not lift the wheel off the ground or allow the wheel to skip or bounce. If an obstacle (to the wheel) is encountered directly in the path, grasp the wheel with the handle shaft (so that the wheel will not turn in relationship to the handle), and move at a right angle to clear the obstacle. Place the wheel on the ground and wheel forward enough to clear the obstacle. Again, grasp the wheel and the handle shaft to immobilize the rotation, walk at a right angle again in order to be directly in line with the original path of measurement, and continue making the measurement.
- (4) Note the position of the handle. It must be in the same position when being set to zero, as it is when it is read, at the end of the linear measurement. Additionally, at the end of the linear measurement, if the wheel has a white spoke, count the number of spokes past the last whole revolution of the white spoke, and add to the counter reading. Each spoke past the white spoke, is one-tenth of a wheel. Round according to procedure for the crop being measured.
- (5) Non-crop acres must also be measured so that this measurement can be deducted from the total determined acres, provided they have not already been deducted from the determined acres; e.g., the measurement of a permanent field is with the deductions for non-crop acres. Refer to C (6) below.

- B Converting Square Wheels to Acres. When converting square wheels to acres, move the decimal three places to the left; i.e., 38700 square wheels = 38.7 acres. (1000 square wheels equals one acre.)

EXAMPLE: 1.0 chain = 10.0 wheels = 66.0 feet
1.0 wheel = 6.6 feet