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SOYBEAN LOSS ADJUSTMENT STANDARDS HANDBOOK

2013 and Succeeding Crop Years

UNITED STATES DEPARTMENT OF AGRICULTURE
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TITLE: SOYBEAN LOSS ADJUSTMENT STANDARDS HANDBOOK	NUMBER: 25440 (12-2010) 25440-1 (11-2012)
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REASONS FOR AMENDMENT

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

1. **Subsection 3 C:** Clarified that the Coarse Grains Crop Provisions or the SP may contain unit division guidelines different than the Basic Provisions.
2. **Subsection 3 D (11):** Added language from Informational Memorandum PM-11-058 concerning quality adjustment of specialty trait soybeans. Specialty trait soybeans will be quality adjusted as commodity soybeans.
3. **Subsection 4 A (3):** Added “All Other Food Grade” as a specialty type soybean.
4. **Subsection 4 A (3) (a), (b), &(c):** Added language from Informational Memorandum PM-11-058 concerning replant provisions of specialty trait soybeans.
5. **Subsection 9 C, Section I; item 40 b. (3):** Added instruction to refer to subsection 3 D (3) (c) if, due to insured causes, a Federal or State agency has ordered the appraised crop or production to be destroyed.
6. **Subsection 9 C, Section II; General Information, (7) (g):** Changed “All Others” type to “Commodity” type soybeans to match the type shown on the SP.

SOYBEAN LOSS ADJUSTMENT STANDARDS HANDBOOK

CONTROL CHART

Control Chart For: Soybean Loss Adjustment Standards Handbook						
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- (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 AIP 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) In addition to the requirements in the Basic Provisions, the insured must elect to insure soybeans with either revenue protection or yield protection by the sales closing date.

B. PROVISIONS AND PROCEDURES NOT APPLICABLE TO CAT COVERAGE

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

C. UNIT DIVISION

Refer to the insurance contract for unit provisions. Unless limited by the **Coarse Grains Crop Provisions** or SP, 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.

For information on Enterprise and Whole-Farm units, refer to the LAM.

D. QUALITY ADJUSTMENT

- (1) The adjuster must refer to the SP if production is eligible for quality adjustment as identified in the crop provisions.
- (2) Refer to the LAM for information on speculative type contract prices in quality adjustment. THE QUALITY ADJUSTMENT FACTOR CANNOT BE GREATER THAN 1.000 or less than zero (.000).
- (3) Soybean production, in accordance with the crop provisions, will be eligible for quality adjustment if:
 - (a) Deficiencies in quality (due to insurable causes of loss), in accordance with the Official United States Standards for Grain, result in soybeans not meeting the grade requirements for **U.S. No. 4** or better (grades U.S. Sample Grade) because of kernel damage (excluding heat damage) or having a musty, sour, or commercially objectionable foreign odor (except garlic odor) or which meet the special grade for garlicky soybeans,
 - (b) The test weight is less than 49 pounds and discount factors are provided in the SP; or
 - (c) Substances or conditions are present that are identified by the Food and Drug Administration or other public health organizations of the United States as being injurious to human or animal health. "Green Damage" (soybeans which are discolored green in cross section), as described by FGIS, will be considered as a type of kernel damage.

Under section 15 (j) of the Basic Provisions, if due to insured causes, a Federal or State agency has ordered the appraised insured crop or production to be destroyed, enter the factor “.000” in column 35 for appraised production or column 65 for harvested production, as applicable. Instruct the insured to complete and submit a Certification Form stating the date the crop or production WAS DESTROYED and the method of destruction (refer to item 40 and the Narrative below). Also refer to LAM paragraphs 96 J (2) and 102 A for additional information. Otherwise, MAKE NO ENTRY.

Refer to the LAM for instructions on who can obtain samples for grading, and who can make determinations of deficiencies, conditions and substances that would cause the crop to qualify for quality adjustment.

- (4) When due to insurable cause(s), use of quality adjustment for soybeans is handled by determining the appropriate discount factors from the SP, summing them together, if applicable, and subtracting from 1.000 to obtain the applicable Quality Adjustment Factor (percent of production to count). Refer to the SP for chart discount factors, instructions for calculating non-chart discount factors, and other discounts allowed. Also, refer to the LAM for examples and guidance in determining reduction in values (RIV's) to determine non-chart discount factors.
- (5) Moisture adjustment is applied prior to applying any qualifying adjustment for quality such as test weight, kernel damage, etc. A soybean moisture adjustment chart is located in **TABLE J** (Soybean Moisture Adjustment Factors). Moisture adjustment results in a reduction in production to count of 0.12 percent for each 0.1 percent moisture in excess of **13 percent**.
- (6) For soybeans for which RIV's apply, and which can be conditioned/reconditioned, refer to the Quality Statement(s) in the SP and the LAM for instructions.
- (7) If a local market cannot be found for the soybeans, refer to the LAM.
- (8) Refer to the LAM for special instructions regarding mycotoxin-infected grain.
- (9) Document quality adjustment information as described in the instructions for the “Narrative” section of the claim form (subsection 9 B), or on a Special Report.
- (10) For additional quality adjustment definitions, instructions, qualifications, and testing requirements, refer to the LAM and the Official United States Standards for Grain.
- (11) For specialty use type soybeans, quality adjustment will be provided as specified in the crop provisions and SP. No additional quality adjustment will be made for any specialty type. Specialty trait soybeans will be quality adjusted as commodity soybeans. The discount factor (DF) charts in the SP, or the reduction in value (RIV) and local market price (LMP) for commodity soybeans, as applicable, will be used for quality adjustment purposes, without regard to any contract price for the specialty type insured.

4. REPLANTING PAYMENT PROCEDURES

A. GENERAL INFORMATION

- (1) Replanting payments made on acreage replanted by a practice that was uninsurable as an original planting will require the deduction of the replanting payment for such acreage from the original unit liability. If the unit dollar loss (final claim) is less than the original unit liability minus such replanting payment, the actual indemnity dollar amount will not be affected by the replanting payment. The premium will not be reduced.
- (2) No replanting payment will be made on acreage on which one replanting payment has already been allowed for the crop year.
- (3) **SPECIALTY TYPE SOYBEANS (Large Seeded Food Grade, Small Seeded Food Grade; All Other Food Grade, Low Linolenic Acid, Low Saturated Fat, or High Protein):**

- (a) For soybeans insured at the contract price, it will not be considered practical to replant the specialty type soybean unless production from the replanted acreage can be delivered under the terms of the contract or the business enterprise has agreed to accept the production.
- (b) When it is practical to replant the specialty type soybean originally planted, the acreage must be replanted to the specialty type originally planted on the acreage.
- (c) When it is **NOT** practical to replant to the same specialty type soybean originally planted on the acreage, the policyholder may (1) choose to not replant and may receive an indemnity based on a crop appraisal; (2) replant the same specialty type soybean originally planted on the acreage; or plant to another crop, in which case the first/second crop rules apply; or (3) replant to another specialty type soybean or soybean commodity type, provided it is practical to replant such type. The replanted type will be considered a replanted crop. If it is not practical to replant to another specialty type soybean or soybean commodity type and any other type of soybean is planted, the crop planted will be considered a second crop.

If it is practical to replant to a different soybean type and the insured elected to replant to a different specialty type (provided all insurability requirements are met), or a commodity type, a revised acreage report (if previously filed) must be processed PRIOR to processing a replant claim.

- 1** Standard rules for acreage report revision apply (refer to the LAM).
- 2** The applicable projected price of the replanted soybean type will be used to determine any replanting payment and to establish the premium and liability for the replanted acreage.
- 3** Acreage that is replanted to a different type may have an increase or decrease in liability from that originally reported.

B. QUALIFICATIONS FOR REPLANTING PAYMENT

To qualify for replanting payment, the:

- (1) **insured** crop must be damaged by an insurable cause;
- (2) AIP determines that it is practical to replant (refer to the LAM);
- (3) **acres** being replanted must have been initially planted on or after the “Earliest Planting” date established by the SP;
- (4) **bushel** per acre appraisal (or the appraisal plus any appraisals for uninsured causes of loss) must be less than 90 percent of the bushel per acre production guarantee for the acreage the insured intends to replant (Refer to section 5, “Soybean” Appraisals);
- (5) **acreage** replanted must be AT LEAST the lesser of 20 acres or 20 percent of the insured **planted** acreage for the unit as determined on the final planting date or within the late planting period if a late planting period is applicable (Any acreage planted after the end of the late planting period will not be included when determining if the 20 acres or 20 percent qualification is met. Refer to the LAM.); and
- (6) AIP has given consent to replant.

In the Narrative of the claim form or on a Special Report, show the bushel per acre appraisal for each field or subfield and the calculations to document that qualifications for a replant payment have been met.

C. MAXIMUM REPLANTING PAYMENT

The maximum amount of the replanting payment per acre will be the LESSER OF:

- (1) the product of multiplying the maximum bushels allowed in the policy (**3 bushels**) by the projected price of the replanted type, times the insured's share in the crop; or
- (2) 20 percent of the production guarantee times the applicable projected price of the replanted type times the insured's share.

Determine the number of bushels per acre allowed for a replanting as follows. Show all calculations in the Narrative section of the claim form or on a Special Report.

EXAMPLE 1

30 acres replanted

20% of prod. guar. $(37.5 \text{ bu.} \times 20\%) \times 1.000 \text{ (share)} = 7.5 \text{ bu.}$

3.0 bu. (maximum bu. allowed in policy) $\times 1.000 \text{ (share)} = 3.0 \text{ bu.}$

The lesser of 7.5 bu. or 3.0 bu. is 3.0 bu.

Actual bushels per acre allowed = 3.0 bu.

Enter the number of bushels per acre allowed (3.0) bu. in Section I - column 31, "Appraised Potential" of the claim form.

EXAMPLE 2

Landlord/tenant (50/50 share)

30 acres replanted.

20% of prod. guar. $(37.5 \text{ bu.} \times 20\%) = 7.5 \text{ bu.} \times .500 \text{ (share)} = 3.8 \text{ bu.}$

3.0 bu. (maximum bu. allowed in policy) $\times .500 \text{ (share)} = 1.5 \text{ bu.}$

The lesser of 3.8 bu. and 1.5 bu. is 1.5 bu.

Actual bushels per acre allowed = 1.5 bu.

(RESERVED)

Qualifying QA Condition:
Test Weight (TW)
Kernel Damage (KD) and Total Defects
Garlicky (Grade)
Aflatoxin
Vomitoxin
Fumonisin
Dark Roast (for Sunflowers only)
Sclerotinia (for Sunflowers only)
Ergoty
COFO (commercially objectionable foreign odor) (includes Musty and Sour Odor)
Other
None

- a. For all qualifying QA conditions checked, in the Narrative (or on a Special Report):
- (1) Document the level for each qualifying QA condition as indicated by approved test results, and the name and location of each testing facility that verifies the presence of the qualifying QA condition and the date of the test(s); or
 - (2) Enter “See documentation included in the claim file” (e.g., include copy of the test facility certificate, grade certificate, summary or settlement sheet, etc., that documents the QA condition).
- b. If “Other” is checked, in addition to the above documentation requirements, document in the Narrative (or on a Special Report):
- (1) A description of the qualifying QA condition;
 - (2) The name of the controlling authority that considers this qualifying QA condition to be injurious to human and animal health and why.
 - (3) Refer to subsection 3 D (3) (c) if, due to insured causes, a Federal or State agency has ordered the appraised crop or production to be destroyed.
- c. Check “None” if none of the production qualifies for QA.

41. **Mycotoxins exceed FDA, State, or other health organization maximum limits. Check “Yes:”**

REPLANT: MAKE NO ENTRY.

PRELIMINARY AND FINAL: Check “Yes” if any mycotoxins listed in item 40 (including any identified as “Other”) exceed the FDA, state, or other health organization maximum limits, otherwise leave blank. Document in the Narrative (or on a Special Report), the disposition of the production that was:

- a. Sold (Document the name and address of the buyer); or

- b. Not sold (Document the date(s) of the disposition, how the production was used, or how it was destroyed.).

Refer to the LAM and the SP for additional information on claims involving mycotoxins.

- 42. **Totals:** Total of entries in columns 34, 36, 37, and 38. If a column has no entries, MAKE NO ENTRY.

NARRATIVE:

If more space is needed, document on a Special Report, and enter “See Special Report.” Attach the Special Report to the Production Worksheet.

- a. If no acreage is released on the unit, enter “No acreage released,” adjuster’s initials, and date.
- b. If notice of damage was given and “No Inspection” is required, enter “No Inspection,” the unit number(s), date, and adjuster’s initials (do not enter unit numbers for which notice has not been given). The insured’s signature is not required.
- c. Explain any uninsured causes, unusual, or controversial cases.
- d. If there is an appraisal in Section I, column 37 for uninsured causes due to a hail/fire exclusion, show the original hail/fire liability per acre and the hail/fire indemnity per acre.
- e. Document the actual appraisal date if an appraisal was performed prior to the adjuster’s signature date on the appraisal worksheet, and the date of the appraisal is not recorded on the appraisal worksheet.
- f. State that there is “No other fire insurance” when fire damages or destroys the insured crop and it is determined that the insured has no other fire insurance. Also refer to the LAM.
- g. Explain any errors found on the Summary of Coverage.
- h. Explain any commingled production. Refer to the LAM.
- i. Explain any entry for “Production Not to Count” in Section II, column 62 and/or any production not included in Section II, column 56 or column 49 - 52 entries (e.g., harvested production from uninsured acreage that can be identified separately from the insured acreage in the unit).
- j. Explain a “No” checked in item 44, “Damage Similar to Other Farms in the Area.”
- k. Attach a sketch map or aerial photo to identify the total unit:
 - (1) If consent is or has been given to put part of the unit to another use or to replant;
 - (2) If acreage has been replanted to a practice uninsurable as an original practice;
 - (3) If uninsured causes are present; or
 - (4) For unusual or controversial cases.

- (c) Varying determinations of production (varying moisture, foreign material (FM), test weight, value, etc.). Average percent of FM or moisture can be entered when the elevator has calculated the average on the summary sheet, and the determined average is acceptable to the adjuster. Separate line entries are not otherwise required. Refer to the LAM for instructions.
 - (d) Varying shares; e.g., 50 percent and 75 percent shares on same unit.
 - (e) Production from first (original) or second (substitute) crop acreage when a second crop will be or is planted on the first crop acreage within the same crop year.
 - (f) Conical piles. Do **NOT** add the cone in the top or bottom of a bin to the height of other grain in the structure. For computing the production in cones and conical piles, refer to the LAM.
 - (g) Varying types; e.g., a specialty soybean type and a **commodity** type soybean in the same unit. If there are multiple types planted within the same unit, the AIP may complete a separate Production Worksheet for each type in the unit.
- (8) There will generally be no harvested production entries in columns 47 through 66 for preliminary inspections.
- (9) If there is harvested production from more than one insured practice (or type) and a separate approved APH yield has been established for each, the harvested production also must be entered on separate lines in columns 47 through 66 by type or practice. If production has been commingled, refer to the LAM.
- (10) For mycotoxin damage, refer to the LAM for special instructions.

Verify or make the following entries:

**Item
No.**

Information Required

43. **Date Harvest Completed: (Used to determine if there is a delayed notice or a delayed claim. Refer to the LAM.)**

PRELIMINARY: MAKE NO ENTRY.

REPLANT AND FINAL:

- a. The earlier of the date the ENTIRE acreage on the unit was (1) harvested, (2) totally destroyed, (3) replanted, (4) put to other use, (5) a combination of harvested, destroyed, or put to other use, or (6) the calendar date for the end of the insurance period.
- b. If at the time of final inspection (if prior to the end of the insurance period), there is any unharvested insured acreage remaining on the unit that the insured does not intend to harvest; enter **“Incomplete.”**

- c. If at the time of final inspection (if prior to the end of the insurance period), **none** of the insured acreage on the unit has been harvested, and the insured does not intend to harvest such acreage, enter “**No Harvest.**”
- d. If the case involves a Certification Form, enter the date from the Certification Form when the entire unit is put to another use, replanting is complete for the unit, etc. Refer to the LAM.

44. **Damage similar to other farms in the area?:**

PRELIMINARY: MAKE NO ENTRY.

REPLANT AND FINAL: Check “Yes” or “No.” Check “Yes” if the amount and cause of damage due to insurable causes is similar to the experience of other farms in the area. If “No” is checked, explain in the Narrative.

45. **Assignment of Indemnity:** Check “Yes” **only** if an assignment of indemnity is in effect for the crop year; otherwise, check “No.” Refer to the LAM.

46. **Transfer of Right to Indemnity:** Check “Yes” **only** if a transfer of right to indemnity is in effect for the unit for the crop year; otherwise, check “No.” Refer to the LAM.

47a **Share:** RECORD ONLY VARYING SHARES on SAME unit to three decimal places.

47b **Field ID:**

- a. If only one practice and/or type of harvested production is listed in Section I, MAKE NO ENTRY.
- b. If more than one practice and/or type of harvested production is listed in Section I, and a separate approved APH yield exists, indicate for each practice/type the corresponding Field ID (from Section I, column 16).

48. **Multi-Crop Code:** The applicable two-digit code for first crop and second crop. REFER TO THE LAM FOR INSTRUCTIONS REGARDING ENTRY OF FIRST CROP AND SECOND CROP CODES.

49. **Length or Diameter:** Internal measurement in feet to tenths of structural space occupied by crop.

- a. Length if rectangular or square.
- b. Diameter if round or conical pile. Refer to the LAM to convert circumference to diameter if internal diameter measurement is not possible.

50. **Width:** Internal width measurement in feet to tenths of space occupied by crop in structure if rectangular or square. If round, enter “RND.” If conical pile, enter “Cone.”