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Corporation

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LOSS ADJUSTMENT MANUAL (LAM) STANDARDS HANDBOOK

2016 and Succeeding Crop Years

**RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133**

TITLE: Loss Adjustment Manual (LAM) Standards Handbook	NUMBER: FCIC-25010 FCIC-25010-1
EFFECTIVE DATE: 2016 and Succeeding Crop Years	ISSUE DATE: December 30, 2015
SUBJECT: Provides procedures and instructions for administering general loss adjustment of crop insurance programs.	OPI: Product Administration and Standards Division
	APPROVED: Tim B. Witt /s/ Jason Albright, for Deputy Administrator for Product Management

REASONS FOR ISSUANCE:

1. Subparagraph 501B: Revised example to correct calculations for reported liability, EU total, determined liability, LAF, and loss guarantee.
2. Subparagraph 603D: Removed example 6 as it is not an applicable double cropping example.
3. Subparagraph 931(1)(h): Removed language requiring AIP to conduct pre-harvest appraisal to accompany acceptable production records. Refer to CIH, which lists acceptable production evidence including the use of a pre-harvest appraisal as an acceptable production record.
4. Subparagraph 932B(2): Removed reference to GSH and inserted reference to exhibit 23 in the LAM.
5. Paragraph 1002: Removed EU from requirement to keep separate production since it is not applicable. Corrected references throughout the paragraph. Reinserted language that was inadvertently removed from previous LAM regarding excess moisture determinations when using the insured's weighted production records.
6. Subparagraph 1003B(4)(a)&(b): Corrected references.
7. Subparagraph 1108F(1)(a)&(b): Combined (a) and (b) to clarify that the AIP can allow the insured to leave additional RSAs, if necessary, when gathering a representative sample and size.
8. Paragraph 1231: Changed disinterested third party to any person.
9. Exhibit 23: Added exhibit for Unit of Measure of Production and Standard Weight Per Unit, by Crop.

FILING INSTRUCTIONS:

This handbook replaces the 2016 Loss Adjustment Manual (LAM) Standards Handbook, FCIC-25010 (10-2015). This handbook is effective for the 2016 and succeeding crop years and is not retroactive to any 2015 or prior crop year determinations.

**LOSS ADJUSTMENT MANUAL STANDARDS HANDBOOK
TABLE OF CONTENTS**

PAGE NO.

Section 2 Unusual/Controversial Cases

1221 Controversial Claim: Uninsured Causes of Loss.....	280
1222 Claims for Indemnity Involving Suspected Concealment or Misrepresentation.....	288
1223-1230 (Reserved)	

Section 3 Special Claims Procedures

1231 Third Party Cause of Loss	289
1232 Claims Involving Fire Damage.....	289
1233 Commingled Production.....	294
1234 Unreported Units	302
1235 Claims Involving Severe Wildlife Damage, Insect, Disease, or Weed Infestation	306
1236 Airplane or Broadcast-seeded Barley, Oats, Rye, or Wheat.....	307
1237 Severe Wind Erosion	308
1238 Corrected Claims	310
1239 Documenting Insured's Death after Insurance Attached & There is a Claim	312
1240 Bankruptcy.....	313
1241 Modification of Requirement to Destroy Crop Before Indemnification	313
1242 Chemical Damage due to Adverse Weather Condition.....	314
1243 Simplified Claim Process	315
1244 Large Claim Reviews & FCIC Participation.....	318
1245-1300 (Reserved)	318

PART 13 FARM SERVICE AGENCY

1301 Farm Service Agency Information	319
1302 Information Requests to Farm Service Agency.....	319
1303 Obtaining Requested Documents from Farm Service Agency.....	321
1304 Verification Materials/Information.....	321

**LOSS ADJUSTMENT MANUAL STANDARDS HANDBOOK
TABLE OF CONTENTS**

PAGE NO.

EXHIBITS

1	Acronyms and Abbreviations	323
2	Terms and Definitions	326
3	Causes of Loss	327
4	Hail/Fire Exclusion Appraisal Factor Chart	331
5	FSA Documents	334
6	Claim Checklist Form Standards	341
7	Certification Form Standards and Completion Instructions	343
8	Self-certification Replant Worksheet Form Standards & Completion Instructions	346
9	Square Root Table	350
10	Round Bin Conversion Chart.....	351
11	Notice of Prevented Planting or Notice of Damage or Loss Standards.....	360
12	Production Worksheet Continuation Sheet Form Standards	364
13	FGIS (or Applicable State or Other Entity) Definitions for FM & Dockage	365
14	Calculation Sequence of Liability Adjustment Factor & 1st/2nd Crop Reduction	370
15	Instructions for Determining Tree/Vine/Bush Acres.....	372
16	Settlement of Claim When Insured has less than 100% Share	377
17	SCP Form Completion Instructions.....	386
18	GSI Report Standards & Completion Instructions	394
19	Rounding Rules	397
20	Table to Convert Fractions to Percent Figures	398
21	Metric Conversion Table	399
22	Converting Volume to Bushels, Hundredweight, or Pounds.....	400
23	Unit of Measure of Production and Standard Weight Per Unit, by Crop	401

501 Liability Adjustment Factor (Continued)

B. Misreported Information (continued)

Example 1: EU under-reported. The AIP will apply a LAF to under-reported lines.

Unit	Reported Acres	Reported Liability	Determined Acres	Determined Liability	LAF	Loss Guarantee
0001-0001	100	\$500.00	100	\$500.00		\$500.00
0001-0001	45	\$225.00	50	\$250.00	0.900000	\$225.00
0001-0001	50	\$250.00	50	\$250.00		\$250.00
Total	195	\$975.00	200	\$1,000.00		\$975.00
0001-0002	65	\$325.00	100	\$500.00	0.650000	\$325.00
0001-0002	45	\$225.00	50	\$250.00	0.900000	\$225.00
0001-0002	35	\$175.00	50	\$250.00	0.700000	\$175.00
Total	145	\$725.00	200	\$1,000.00		\$725.00
EU Total	340	\$1,700.00	400	\$2,000.00		\$1,700.00

Example 2: EU under-reported. Lines 2 & 3 simultaneously over and under-reported. Lines 5 & 6 under-reported.

Unit	Reported Acres	Reported Liability	Determined Acres	Determined Liability
0001-0001	100	\$500.00	100	\$500.00
0001-0001	55	\$275.00	50	\$250.00
0001-0001	45	\$225.00	50	\$250.00
Total	200	\$1,000.00	200	\$1,000.00
0001-0002	100	\$500.00	100	\$500.00
0001-0002	45	\$225.00	50	\$250.00
0001-0002	35	\$175.00	50	\$250.00
Total	180	\$900.00	200	\$1,000.00
EU Total	380	\$1,900.00	400	\$2,000.00

Reconciled Misreporting: The AIP will shift the acreage in lines 2 & 3 and apply a LAF to under-reported lines 5 & 6.

Unit	Reported Acres	Reported Liability	Determined Acres	Determined Liability	LAF	Loss Guarantee
0001-0001	100	\$500.00	100	\$500.00		\$500.00
0001-0001	50	\$250.00	50	\$250.00		\$250.00
0001-0001	50	\$250.00	50	\$250.00		\$250.00
Total	200	\$1,000.00	200	\$1,000.00		\$1,000.00
0001-0002	100	\$500.00	100	\$500.00		\$500.00
0001-0002	45	\$225.00	50	\$250.00	0.900000	\$225.00
0001-0002	35	\$175.00	50	\$250.00	0.700000	\$175.00
Total	180	\$900.00	200	\$1,000.00		\$900.00
EU Total	380	\$1,900.00	400	\$2,000.00		\$1,900.00

501 Liability Adjustment Factor (Continued)

B. Misreported Information (continued)

Example 3: EU with multiple reported acreage and APH errors. Lines 2 & 4 have simultaneous under and over-reported acres. Line 2 has an under-reported APH. Line 3 is under-reported. Line 4 has over-reported APH. The entire unit is under-reported.

Unit	Reported APH Yield	Reported Acres	Reported Liability	Determined APH Yield	Determined Acres	Determined Liability
0001-0001	125	100	\$100,000.00	125	100	\$100,000.00
0001-0002	125	90	\$90,000.00	156	100	\$124,800.00
0001-0003	156	95	\$118,560.00	156	100	\$124,800.00
0001-0004	156	110	\$137,280.00	125	100	\$100,000.00
0001-0005	150	100	\$120,000.00	150	100	\$120,000.00
EU Total		495	\$565,840.00		500	\$569,600.00

Reconciled Misreporting: Shift simultaneous over and under-reported acres on lines 2 & 4. Revise over-reported APH on line 4. Apply LAF to all remaining under-reported lines.

Unit	Reported APH Yield	Reported Acres	Reported Liability	Determined APH Yield	Determined Acres	Determined Liability	LAF	Loss Guarantee
0001-0001	125	100	\$100,000.00	125	100	\$100,000.00		\$100,000.00
0001-0002	125	100	\$100,000.00	156	100	\$124,800.00	0.801282	\$100,000.00
0001-0003	156	95	\$118,560.00	156	100	\$125,000.00	0.948480	\$118,560.00
0001-0004	125	100	\$100,000.00	125	100	\$100,000.00		\$100,000.00
0001-0005	150	100	\$120,000.00	150	100	\$120,000.00		\$120,000.00
EU Total		495	\$538,560.00		500	\$569,800.00		\$538,560.00

- (10) If the AIP discovers the insured has incorrectly reported any information on the AR for any crop year, the insured may be required to provide documentation in subsequent crop years substantiating his/her report of acreage for those crop years, including, but not limited to, an acreage measurement service at his/her own expense. If the correction of any misreported information would affect an indemnity, PP payment or replant payment that was paid in a prior crop year, such claim will be adjusted and the insured will be required to repay any overpaid amounts. If the AIP has evidence the insured intentionally misreported (misrepresentation) acreage information, the voidance provisions in section 27 of the BP apply. If the AIP does not have evidence that the acreage information was intentionally misreported (misrepresentation), the MI provisions apply.

603 Indemnity Payment as it Relates to Double-Cropping History (Continued)

D. Examples of Double-Cropping Eligibility for Planted Acreage (continued)

Example 6: Total cropland 2,545.9. In 2014, the insured planted, reported, and harvested 399.9 acres of insured winter (fall-planted) wheat. Based on the following history, what amount of soybean acreage would be eligible for a one hundred percent (100%) payment due to the double-cropping history?

Crop History from Insured's Records or APH Record						
Crop Year	Oats	Corn	Soybeans			Wheat
			NFAC Practice	FAC Practice	Total Acres	
2013	0.0	793.4	816.7	341.3	1158.0	349.6
2012	0.0	805.3	954.8	106.9	1061.7	106.9
2011	0.0	909.4	950.9	50.9	1001.8	200.8
2010	20.0	979.3	979.1	0.0	979.1	0.0
2009	30.0	0.0	1079.1	0.0	1079.1	0.0
2008	0.0	0.0	885.7	191.6	1077.3	268.7

603 Indemnity Payment as it Relates to Double-Cropping History (Continued)

D. Examples of Double-Cropping Eligibility for Planted Acreage (continued)

191.6 acres would be the maximum acreage that could be claimed for double-cropping in 2014 crop year. Assume no soybeans in the NFAC column following failed wheat. The BP requires two years of double-cropping in at least two of the last four crop years in which the first insured crop was planted. Therefore, it cannot be 341.3 acres because 341.3 acres have not been double-cropped for two of those last four crop years.

Crop Year	Wheat (1st Insured crop in 2014 Crop Year)	1st Crop Planted (Yes/No)	FAC Soybeans in the last 4 crop years the 1st insured crop was planted
2013	349.6	Yes	341.3
2012	106.9	Yes	106.9
2011	200.8	Yes	50.9
2010	0.0	No	n/a
2009	0.0	No	n/a
2008	268.7	Yes	191.6
Maximum FAC acres based on at least two of the last four crop years that the first insured crop was planted			191.6

E. Limitations of Number of Double-Cropped Acres

The receipt of a full indemnity payment on both crops that are double-cropped is limited to the number of acres for which the insured can demonstrate he/she has double-cropped or that have been historically double cropped as specified above.

604 Subsequent Planted Crops

A subsequent crop is a crop following a 2nd crop (i.e., 3rd, 4th, etc.) or following an insured crop that is prevented from being planted after a 1st insured crop.

- (1) Insurance is not provided for subsequent crops unless:
 - (a) it is a practice that is generally recognized by agricultural experts or the organic agricultural experts for the area to plant three or more crops for harvest on the same acreage in the same crop year, and
 - (b) additional coverage insurance provided under the authority of the Act is offered for the 3rd or subsequent crop in the same crop year.
- (2) Insurance will only be provided for a subsequent crop if the criteria in both items (a) and (b) below are met.
 - (a) The insured must provide records acceptable to the AIP that show:

Section 3 Verifying Production

931 Verifying Harvested Production

- (1) Harvested production will be verified or determined by the following:
 - (a) Acceptable evidence of third-party sales and/or commercial storage.
 - (b) Measuring farm-stored harvested production (refer to paragraph 1001).
 - (c) Comparing harvested production to appraisals made from the UH areas of the fields left under the terms of the policy when the amount of reported harvested production is questionable.
 - (d) Comparing reported production to appraisals and production in the area when there is reason to question the reported harvested production.
 - (e) Weighed and farm-stored records. Refer to paragraph 1002. Insured's records from prior years weighed and stored production cannot be used.
 - (f) Verifiable farm management records from producers using precision farming technology systems.
 - (g) If the insured claims the entire unit has been harvested, verify that all fields and areas of the field (orchards or vineyards, if applicable) have been harvested. Also, verify that all of the production that could be harvested has been harvested (i.e., if only the best acreage or best fruit (cherry picked) from the trees or vines has been harvested, the remaining UH crop must be considered PTC unless such crop is not considered PTC in accordance with subparagraph 921D) in accordance with procedures in the respective crop LASH, CP, or SP.
 - *** (h) When an insured is vertically integrated and cannot provide records of production from a disinterested third party, the production evidence listed in the CIH can be submitted as acceptable production records.
- (2) Do not rely solely on statements or evidence of sales to represent all of the production. Review all production evidence closely when the insured controls the transportation (e.g., trucking or handling company); manufacturing (processing plant); farm scales; or sales (warehouse) of a particular crop. If there is evidence that suggests the insured has misrepresented production, do not (adjuster) sign the claim. Notify the AIP of the situation.
- (3) Acceptable precision farming technology systems used to establish records for total production must include at least the following components:
 - (a) GPS technology integrated with planter monitors, combine monitors, yield mapping software;

931 Verifying Harvested Production (Continued)

- (b) The capability of producing summary reports that reflect planted acres, harvested acres, and harvested production; and
 - (c) Report of calibrations performed per manufacturer's requirements.
- (4) The AIP must inform the insured in writing of the precision farming technology system record requirements prior to harvest.
- (5) Production records from precision farming technology systems may be used in lieu of settlement sheets and bin measurements provided all of the requirements under subparagraph 821I are met.
- (6) The insured should be advised to maintain alternate production records by unit in the event the precision farming production records are determined to be unacceptable.
- (7) For the production records to be acceptable, the insured must provide the following information:
- (a) Calibration of the automated yield monitoring system.
 - (i) The insured must have calibrated the yield monitoring system for each insured crop and crop year, in accordance with the owner's manual specifications. The sensor calibrations must not exceed three percent (3%) when compared to the actual weighed production harvested from the acreage used to calibrate the sensor (refer to subparagraph 1002B for acceptable scale types). If the initial sensor calibration difference exceeds three percent (3%) when compared to the actual weighed production harvested from the acreage used to calibrate the sensor, additional calibration samples must have been taken until the results were within tolerance (refer to (ii) below for an exception).
 - (ii) If after calibrating the yield monitoring system as stated in (i) above, the average sensor calibrations for the crop and crop year still exceed three percent (3%) when compared to the actual production harvested from the acreage used to calibrate the sensor, the insured may utilize the precision farming technology system post-harvest calibration of yield maps created by the system. The insured must provide documentation of the actual production based on acceptable weight records used to post calibrate the system and yield maps.
 - (iii) The insured must provide documentation showing the sensor calibrations for the crop and crop year. The annual calibration report, from the yield monitor system or documentation from the insured, must include all calibrations and adjustments performed, by crop, for the crop year, including the date each calibration/adjustment was performed and the difference from the previous setting. The annual calibration report must be provided to the AIP or RMA.
 - (b) Insured's name;

A. Harvested Production Records and Receipts (continued)

- (b) Moisture percentage (refer to paragraph 1103 for allowed adjustments for moisture), and
- (c) Test Weight.

The records can be accepted if this information is not contained on the records; however, no adjustments can be made for any of these items since the information is unknown. Also, if this information is contained on the records for some loads but not all of the loads, only the loads for which the information is provided and for which adjustments would be allowed can be adjusted.

- (6) Adjustments to the delivered gross production (after deduction of tare weight of conveyance).
 - (a) Third-party sales and storage records may contain adjustments to the gross production that may or may not be able to be used for loss adjustment purposes. Most CP (quality endorsement, if applicable), require that quality deficiencies (except test weight can be determined by the adjuster) are determined by graders licensed to grade the commodity and that are licensed by the entity specified in the CP. For some types of conditions or damage, policy provisions may require approved labs make the determinations. In these cases, a grade certificate or other acceptable document from the licensed grader/entity (or lab, if applicable) must support these adjustments. Warehouses that have licensed graders in accordance with CP may not have a formal grade certificate. In some cases, some grade deficiencies may be shown on the individual load slips, etc. Refer to paragraphs 1101 and 1102 and applicable CP, endorsements, and crop LASHs for more detailed information.
 - (b) For some crops and types of damage, adjustments to gross production must be based on the deficiencies determined by the authorized grader prior to the crop being delivered for sale or prior to being placed in commercial storage. These requirements can be found in one or more of the following: CP, SP, crop LASHs, or these procedures.
- (7) Verify load records/weight tickets or storage receipts from the buyer or commercial storage facility against the entries on the summary/settlement sheets of the buyer or Summary of Storage of the commercial-storage facility. Obtain gross production for the unit from the summary of storage and/or settlement sheets after verification. Refer to the Forage LASH for specific information regarding requirements for forage production records.

A. Harvested Production Records and Receipts (continued)

- (8) Do not use individual weight tickets or load slips without supporting documentation of total production such as third-party produced ledger sheet(s) or settlement sheet(s) from the buyer or commercial storage facility to determine harvested production for an individual unit unless the storage facility or buyer will not provide ledger or settlement sheets. When the buyer or storage facilities will not provide ledger or settlement sheets, document the facts in the Narrative of the PW or on a Special Report.
- (9) Loads cannot be split between units because this constitutes commingled production and must be handled as such, unless the insured has verifiable load records as noted in subparagraph 1003C and the insured fulfills all requirements in subparagraph 1003C. Refer to paragraph 1233 for commingled production procedures. This does not apply to crops using containers, bins, boxes, crates, etc., if each container, bin, etc., is labeled for the unit where production was obtained.
- (10) Production sold directly from the insured to end-users such as feed lots (commercial and individual) or another producer must be verified by additional weight documentation from either the buyer or a disinterested third party, e.g., elevator or commercial scale.

B. Claim Entry

Enter the gross production (before deductions are made for dockage, moisture, percent of shell or sugar, or quality adjustment) in the appropriate column for gross production on the PW.

- (1) If the gross production of the commodity (before adjustments) on the settlement sheet is in scale weight rather than the unit of measure for the crop (e.g., settlement sheet is in pounds and unit of measure for the crop is in bushels), the adjuster must convert the scale weight to the applicable unit of measure for the crop, as stated in (2) below.
- (2) To convert gross scale weight to units of measure, divide the weight by the standard weight per unit of measure. Refer to **exhibit 23** for standard weights by crop.

Example: The standard weight for a bushel of wheat is 60 lbs.

The settlement sheet shows the gross production of wheat (before adjustments) is 10,256 pounds (10256 lbs. ÷ 60 lbs. = 170.9 bu.). This bushel amount would be entered in the column for gross production on the PW.

Refer to the GSH for the specific unit of measure for each crop.

1002 Production Weighed & Farm-Stored

If the insured meets the requirements for acceptable harvested production from a precision farming technology system as outlined in subparagraph 931(7) the following procedures do not apply. Conversely, if the insured does not meet the requirement for acceptable harvested production from a precision farming technology system, but the insured has weight tickets that can be used in accordance with the following procedures, then these procedures are applicable.

*** Use this procedure if there is a possibility that the insured may weigh and farm-store his/her production to keep records of separate production for EPs, OUs, BUs, and separate production from insured and uninsured acreage. AIPs must (prior to harvest) provide insureds (in writing) with the criteria for acceptable scales and acceptable scale weight/records outlined in subparagraphs B and C below. Non-compliance with these instructions may result in the production being considered commingled as stated in paragraph 1233.

When using the insured's weighed production, convert the weight to the applicable unit of measure, if needed, and adjust for any excess moisture based on the insured's recorded moisture determination for each load at the time production was weighed. Refer to CP for what is considered excess moisture. Any conveyance load for which there is not excess moisture or the insured has no records of moisture determinations for the conveyance load cannot be adjusted for excess moisture.

A. Insured's Weighed Production for the Current Crop Year

Adjusters must measure and calculate all farm-stored production for the unit and current crop year unless PTC is determined from pre-harvest appraisals as required or permitted in subparagraph C(4) below. If the insured provides acceptable weight records for the current crop year adjusters may:

- (1) Use the insured's weighed production, converted to the applicable unit of measure, and adjusted for excess moisture in accordance with the CP, for the current crop year provided the:
 - (a) Insured's weighed production is within three percent (3%) of the adjuster-measured and calculated production, adjusted for any excess moisture and pack factor, if applicable.
 - (b) The insured's weighed production records are from a grain cart as described in subparagraph B(3)(c) below (adjusted for any excess moisture as described above). The adjuster will not be required to verify the production records from such a grain cart by other means (i.e., bin measurements, sales records, etc.), unless there is reason to question the accuracy of the records provided by the insured.

If the insured's weighed production records are in question, the adjuster must verify the production by other means (i.e., bin measurements, sales records, etc.). If the adjuster-measured and calculated production, adjusted for any excess moisture and pack factor, if applicable, is within three percent (3%) of the insured's weighed production records, then the insured's weighed production

records may be accepted.

1002 Production Weighed & Farm-Stored (Continued)

A. Insured's Weighed Production for the Current Crop Year (continued)

- (c) Insured has met the criteria for acceptable scale types, as stated in subparagraph B below and provides the verifiable location of the scales used to weigh the production;
 - (d) Insured has met the criteria for acceptable weight tickets/records as stated in subparagraph C below);
- (2) If the insured's weighed production for the current crop year is not within three percent (3%) of the adjuster-measured and calculated production with adjustments for moisture and pack factor, if applicable, the AIP will use the greater of the:
- (a) Insured's weighed and adjusted production (as stated above) for the current crop year, or
 - (b) Adjuster-measured and calculated production (adjusted as stated above) for the current crop year.
- (3) When the insured's weighed production is not within three percent (3%) of the adjuster-measured and calculated production:
- (a) If the insured's weighed production for these units is greater than the adjuster's measured and calculated production, no proration is needed.
 - (b) If the adjuster's measured and calculated production (adjusted as stated in (2) above) is greater than the insured's weighed production, then the adjuster measured and calculated production must be prorated to each unit, as follows:

Step 1: Total the weight tickets, per unit

For example, the storage structure contained corn from units 0001-0001OU, 0001-0002OU, and 0001-0003OU. Based on the total weights (converted to bushels) for each of these units, the production for each of these units were as follows: unit 0001-0001OU = 3,019.5 bu., 0001-0002OU = 5,685.4 bu., and unit 0001-0003OU = 2,789.3 bu.

Step 2: Sum the totals for all units in the storage structure

For example, assume the total weight records for each were:

Unit 0001-0001OU =	3,019.5 bu.
Unit 0001-0002OU =	5,685.4 bu.
Unit 0001-0003OU =	<u>2,789.3 bu.</u>
Total =	11,494.2 bu.

1002 Production Weighed & Farm-Stored (Continued)

A. Insured's Weighed Production for the Current Crop Year (continued)

Step 3: Proration of Each Unit Based on Total Weight of all Units (rounded to 6 decimal places)

For example, using the same figures in Step 2:

$$3,019.5 \div 11,494.2 \text{ bu.} = .262698$$

$$5,685.4 \div 11,494.2 \text{ bu.} = .494632$$

$$2,789.3 \div 11,494.2 \text{ bu.} = \underline{.242670}$$

$$\text{Total} = 1.000000$$

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1003 Authorization to Accept Insured's Structure Markings, Load Records, & Combine Monitor Records (Continued)

A. Measurements Prior to Insured Commingling Production

- (1) For purpose of indemnities, AIPs generally cannot accept the insured's determinations of separate unit production when production has been commingled with other units, uninsured acreage production, or different crop years (paragraph 1233), unless the exception in (2) and B below applies. When a loss situation is probable and the insured plans to store production from multiple units, or production from insured and uninsured acreage or multiple crop years within the same storage structure, prior to doing so, the insured should request the AIP measure the production. Refer to Production Pre-measurement Service, paragraph 703.
- (2) When the AIP cannot timely perform production pre-measurement services, the AIP may accept the insured's weighed production records and the insured's moisture determination records, if applicable and acceptable to the AIP for production from each unit, including insured and uninsured acreage, etc.

B. AIP Authorization to use Insureds' Production Records or Structure Markings

- (1) The AIP may not be able to timely perform pre-measurement services due to the large number of requests. In these cases, the AIP may authorize (orally or in writing) insureds to use their own bin (or other structure) markings, contemporaneous load records from conveyances, or combine monitor (printed) records, or weighed production records to keep the production separate, provided:
 - (a) The AIP has provided insureds with the criteria and instructions in subparagraphs C and D below (in writing). Non-compliance with these instructions will result in the production being considered commingled as stated in paragraph 1233;
 - (b) There is no reason to suspect that the grain is infected with a mycotoxin, other than Vomitoxin;
 - (c) The AIP does not suspect the insured will fail to follow the instructions or will misrepresent the production from each unit or from uninsured and insured acreage;
 - (d) AIPs document the names and contract numbers of any insured for which this procedure is not allowed; and
 - (e) All of the conditions in C below are met.

1003 Authorization to Accept Insured's Structure Markings, Load Records, & Combine Monitor Records (Continued)

B. AIP Authorization to use Insureds' Production Records or Structure Markings (continued)

- (2) AIPs may allow insureds to follow this same procedure when they may have the need to add multiple units of production or production from insured and uninsured acreage within the same conveyance. If the production within the conveyance is not farm-stored, it must be conveyed to a buying point and all applicable records must be acceptable to the AIP.
- (3) Adjusters must document in the Narrative section of the PW or on an attached Special Report whether the:
 - (a) Insured's records or structure markings were used to keep production from multiple units separate or to keep production from insured and uninsured acreage separate; or
 - (b) Adjuster measured the production in the storage structure prior to another unit of production being added, or production from insured acreage added to production from uninsured acreage or vice versa. If the adjuster measured such production, the adjuster must document his/her name and the dates that such production was measured.
- (4) Criteria needed to accept insured's production records or storage-structure markings used in lieu of AIP pre-measurement of production that is to be kept separate
 - (a) If load records or combine monitor records are used to keep production separate, the loads are recorded as outlined in **C(1) and (3)** below.
 - (b) If structure markings are used, the structure is marked and identified as outlined in subparagraph **C(2)** below.
 - (c) There is no production from prior years in the structure, unless the production has been measured by the AIP or another USDA agency just prior to the current year's production being added. If another USDA agency's measurements are used, you must determine whether the grain was leveled.
 - (d) The total production within the structure must be accounted for; i.e., all production stored in the storage structure can be identified separately by unit number or field I.D., uninsured acreage, etc.

1108 Quality Adjustment when Production Contains Mycotoxins, Other Substances, or Conditions at Levels Injurious to Human or Animal Health (Continued)

C. Level of Substance/Condition May Qualify the Production for Quality Adjustment (continued)

- (1) For production that will be stored on the farm or in commercial storage, the appropriate samples must be obtained by the adjuster (or a trained disinterested third party approved by the AIP) prior to the production entering storage (other than the exception in (2) below) because mycotoxins have the potential to increase in stored production. Other substances or conditions may also have the potential to increase in storage. If appropriate samples are not obtained prior to storage, such production will not be adjusted for quality due to a substance or condition injurious to human or animal health (refer to exception in (2) below). Therefore, it is important that AIPs inform agents and insureds of the need to notify the AIP anytime that the insured suspects that a mycotoxin or other substances or conditions could be present in the production so the AIP can inspect the crop prior to storage.
- (2) Exception for obtaining samples prior to storage: Only for crops which contain Vomitoxin because the potential for Vomitoxin to increase in on-farm or commercially-stored production is very slight. Samples to determine Vomitoxin levels may be obtained after production is stored on the farm. Refer to subparagraph H for sample requirements.
- (3) Analysis of the samples pulled by the adjuster (or a trained disinterested third party approved by the AIP) must be performed by an approved laboratory. Refer to subparagraph I below for Criteria for AIP-Approved Testing Facilities (laboratories).
- (4) The presence and level of the condition/substance injurious to human/animal health must be due to insured causes. For example: Factors contributing to plant stress and subsequent mycotoxin presence such as insufficient irrigation (under an IRR practice), the use of marginally adapted varieties, non-weather related delayed harvest, inappropriately high plant populations, etc., will result in the determination that the mycotoxin was the result of uninsured causes.

D. Flooded Crop May Be Contaminated With Sewage, Pathogenic Organisms, Pesticides, Chemical Wastes, Heavy Metals, or Other Toxic Substances

- (1) AIPs must use State or Federal Agency published guidelines (including testing) to determine if the crop is marketable, including for animal usage. If the crop is determined marketable, the insured will be expected to harvest the crop, unless the costs of conditioning the crop results in ZMV.
- (2) If the crop is harvested and conditioned, and testing determines the crop contains levels of contaminants that are in excess of the levels the State or Federal Agency declares as safe for animal usage, such production will be declared zero PTC provided the crop is destroyed in a manner acceptable to the AIP prior to finalizing the claim. Refer to subparagraph 1102H(2) for requirements for destruction and verification of destruction.

1108 Quality Adjustment when Production Contains Mycotoxins, Other Substances, or Conditions at Levels Injurious to Human or Animal Health (Continued)

D. Flooded Crop May Be Contaminated With Sewage, Pathogenic Organisms, Pesticides, Chemical Wastes, Heavy Metals, or Other Toxic Substances (continued)

- (3) AIPs must document testing results and determinations in the Narrative of the PW or on a Special Report.

E. Coded Cause of Loss for Substance/Condition injurious to Human/Animal Health

When the level of substance/condition qualifies the production for QA, the insured COL is considered due to disease or adverse weather; e.g., mycotoxins are considered due to disease and production covered in flood waters that is contaminated with sewage, pathogens, pesticides, etc., contained in the flood water as described in D above is due to adverse weather; however, the COL recorded on the PW will be “Mycotoxins” or “other condition/substance” (COL code 82) in both cases.

F. Requirements for Samples Required Prior to Storage

Except for Vomitoxin-contaminated crop production, any production contaminated with any other mycotoxin, substance, or condition injurious to human or animal health, must have samples obtained prior to the production going into storage. For farm-stored production that is contaminated with Vomitoxin, subparagraph H below will apply.

- (1) When production will be harvested and farm-stored:
 - (a) AIPs can allow insureds to leave the number of RSAs as stated in subparagraph 924B(1)(a) and the location and size described in subparagraph 924C(1) in their fields from which the adjuster can take representative samples. AIPs can allow insureds to leave additional RSAs in order to obtain the required sample size to send to the approved testing facility; or
 - (b) The adjuster or a trained disinterested third party approved by the AIP can obtain samples from harvested production before it goes into farm-storage. Samples pulled by anyone other than the adjuster or a trained disinterested third party approved by the AIP cannot be used for QA.
- (2) When the insured is not going to harvest, is uncertain of whether to harvest, or has discontinued harvest due to mycotoxin levels (or other condition or substance) levels in the harvested production, the adjuster must obtain samples for mycotoxins (or other condition or substance) from samples taken from RSAs of the standing crop in the field if the standing crop is representative of the acreage. Only the adjuster is authorized to obtain samples from the standing crop.

Section 3 Special Claims Procedures

1231 Third Party Cause of Loss

- (1) The insurance contract does not cover loss from any cause which is due to neglect or wrongdoing of the insured, any member of the insured's household, tenants, sharecroppers, employees, nor uninsured damage caused by a third party.
- (2) If part of a loss is due to actions of **any person**, inform the insured that any claim settlement made under this policy will be limited to the insured amount of damage and it is the insured's responsibility to file any claim for the uninsured portion against any third party.

1232 Claims Involving Fire Damage

A. General Information

- (1) Fire damage must be due to an insurable COL. To be an insurable cause, the fire must be due to a naturally occurring event.
- (2) The insured must report and document the COL. The AIP must determine whether the loss is insurable. If the AIP determines the COL is insurable, damage due to the fire is covered.
- (3) When the AIP verifies the insured's documentation of the fire, the AIP must verify that the documentation establishes the ignition source of the fire was due to a natural cause or natural disaster (refer to FAD-35, dated September 3, 2004 and FAD-60, dated November 1, 2006), and whether the fire damaged or destroyed the insured crop within the insurance period.
- (4) Any damage resulting from fire when the insured cannot establish that the ignition source of the fire was due to a natural cause or natural disaster is uninsurable and follow the instructions for uninsured causes of damage.
- (5) Tobacco Fire Damage in the Barn.
 - (a) Fire, flue or air-cured tobacco are recognized cultural practices used to cure tobacco.
 - (i) Fire cured tobacco is cured with the use of man-made controlled smoldering hardwood fires built on the barn floor. However, even with good management practices, an unavoidable naturally occurring insured peril (e.g., hurricane, tornado, or other abnormally excessive winds) can cause the smoldering fires to uncontrollably ignite unintended areas of the barn (e.g., timbers) that quickly spreads and damages or destroys the tobacco in the barn.

A. General Information (continued)

- (ii) Flue cured tobacco is cured in a closed building with furnace driven heat directed from flues or pipes that extend from a furnace into the barn. Lightning is an example of a naturally occurring insured peril that could cause a barn fire that could result in fire damage to the tobacco. However, fire damage due to a malfunctioning furnace is not covered, unless the malfunction is directly due to an unavoidable naturally occurring event.
 - (iii) Air-cured tobacco is cured hanging from rafters in the barn with sides that open to allow air to freely circulate to cure the tobacco leaves. This curing process is the longest and most natural. However, for dark-air cured tobacco, when the air is very humid (i.e., during the night), producers may have to heat the barn with smokeless gas burners (pods) to avoid tobacco rot and to accelerate the curing process. Lightning or excessive winds are examples of naturally occurring insured perils that could cause a barn fire to unavoidably spread and damage or destroy the tobacco in the barn.
- (b) Consistent with FAD-080, in the case of tobacco, (and specifically including fire cured tobacco) fire damage to the curing tobacco can be covered if the insured can establish, with verifiable documentation, that the fire igniting the curing tobacco was caused:
- (i) By a naturally occurring unavoidable insured peril, and
 - (ii) In no way was due to negligence, mismanagement or wrongdoing by the insured or member of the insured's family or household, insured's tenants, or employees.
- (c) Verifiable documentation includes, but is not limited to, the following:
- (i) Local weather information collected by sources whose business it is to record and study the weather including but not limited to local weather reporting stations of the National Weather Service or documented local news reports, newspapers, television news reports, etc. that clearly establishes there was a hurricane, tornado, abnormally excessive winds, earthquake, or other naturally occurring insured peril in the area;
 - (ii) If applicable, a report from Property and Casualty Insurance Company who paid the fire claim on the barn stating there was no arson or malfeasance on the insured's part; and/or
 - (iii) Reports from the local fire department and/or law enforcement agency indicating the cause of the fire was due to a natural event.

Unit of Measure of Production and Standard Weight Per Unit, by Crop

- (1) For crops that have a bushel unit of measure: If settlement sheets provide scale weights (i.e., pounds) instead of bushel weights, determine the gross bushel amount by dividing the total gross pound weight of production (before adjustments) shown on the settlement sheet by the standard bushel weight; e.g., 50,000 pounds of shelled corn divided by 56 (standard bushel weight) = 892.86 rounded to tenths – 892.9 bushels.
- (2) For crops that have a pound unit of measure: In the rare case that a settlement sheet showed bushels for a crop having pound unit of measure, then determine the pounds of production by multiplying the total bushel weights (before adjustments) by the standard bushel weight; e.g., 50 bushels of safflowers times 35 (standard bushel weight) = 1,750 pounds.

Crop Name	Unit of Measure
Almonds	Pounds
Apiculture Pilot Rainfall Index plan Vegetative Index plan	Grid Index
Apples (Area B)	Bushels (42 lbs.)
Apples (Area C)	Bushels (40 lbs.)
Apples (Area A)	Boxes (35 lbs. lose/field box)
Avocados California Only (Pilot)	Pounds
Avocados Florida Only (Pilot)	Bushels (55 lbs.) <u>3/</u>
Barley	Bushels (48 lbs.) <u>3/</u>
Barley (Malting)	Bushels (48 lbs.) <u>3/</u>
Beans, Fresh Market (Pilot)	Cartons (30 lbs.)
Beans, Processing	Tons <u>1/</u>
Blueberries	Pounds
Buckwheat	Bushels (48 lbs.) <u>3/</u>
Cabbage	Hundredweight
Camelina	Pounds (50 lbs.) <u>4/</u>
Canola/Rapeseed	Pounds (50 lbs.) <u>4/</u>
ARH Citrus (Pilot)	Carton/Dollars <u>2/</u>
ARH Cherry (Pilot)	Pounds/Dollars <u>2/</u>
ARH Strawberries	Pounds/Dollars <u>2/</u>
Chile Peppers, Processing (Pilot)	Pounds/Dollars <u>2/</u>

1/ Tons = 2,000 pounds

2/ Loss measurement is first based on weight/capacity measurement, as shown, and then is converted to dollars.

3/ These crops have bushel units of measure.

4/ These crops have a pound unit of measure and the standard test weight is not used in the farm-stored calculation of gross production.

Unit of Measure of Production and Standard Weight Per Unit, by Crop (Continued)

Crop Name	Unit of Measure
Citrus (AZ-CA) Oranges Lemons Grapefruit Mandarin/Tangerines & Tangelos	Cartons (38 lbs.) Cartons (40 lbs.) Cartons (32 lbs.) Cartons (25 lbs.)
Citrus (FL) Grapefruit Limes Oranges, Lemons, Tangelos, & Tangors (Temples) Tangerines & Tangors (Murcotts)	Boxes (85 lbs.) Boxes (88 lbs.) Boxes (90 lbs.) Boxes (95 lbs.)
Citrus (TX) Early & Midseason Oranges Late Oranges All Other Grapefruit Ruby Red Grapefruit Rio Red & Star Ruby Grapefruit	Tons ^{2/}
Texas Citrus Trees Early & Midseason Oranges Late Oranges All Other Grapefruit Ruby Red Grapefruit Rio Red & Star Ruby Grapefruit	% Tree Damage/Dollar ^{3/}
Cultivated Clams (Pilot)	Dollar (Individual Clam Value) ^{4/}
Corn, Shelled	Bushels (56 lbs.) ^{1/, 5/, 6/}
Corn (grain)	Bushels (56 lbs.) ^{1/, 5/}
Corn, Ear Husked	Bushels (70 lbs.) ^{5/, 6/}
Corn (Silage)	Tons ^{2/}
Cotton	Pounds
Cotton, ELS	Pounds
Cranberries	Barrels (100 lbs.)
Dry Beans	Pounds (60 lbs.) ^{5/}
Figs	Pounds

^{1/} To convert weight of ear corn to equivalent bushels of shelled corn, divide by 70

^{2/} Ton = 2,000 pounds

^{3/} For Forage Seeding, the loss measurement is first based on the % of stand, and then the dollar loss is determined from this. For Tree Crops, the loss measurement is first based on the % of tree damage, and then the dollar loss is determined from this.

^{4/} Clam value by size

^{5/} These crops have bushel units of measure.

^{6/} For corn insured as grain that is to be harvested and ground and stored as corn and cob meal (ground ear corn) or chopped for earlage, a pre-harvest appraisal is required to establish the production. (Refer to Para. 213.)

Unit of Measure of Production and Standard Weight Per Unit, by Crop (Continued)

Crop Name	Unit of Measure
Flaxseed	Bushels (56 lbs.) <u>3/</u>
Florida Fruit Trees (Pilot)	% Stand/Tree Damage/Dollar <u>7/</u>
Forage Production	Tons <u>1/</u>
Forage Seed (Pilot)	Pounds
Forage Seeding	% Stand/Dollar <u>7/</u>
Grain Sorghum	Bushels (56 lbs.) <u>3/</u>
Grass Seed (Pilot)	Pounds (60 lbs.) <u>4/</u>
Grapes	Tons <u>2/</u>
Table Grapes	Lugs (20-21 lbs.) <u>5/</u>
Hybrid Seed Corn	Bushels (56 lbs.)/Dollar <u>3/</u> , <u>6/</u>
Hawaii Tropical Fruit (Pilot)	Pounds
Hawaii Tropical Fruit Trees (Pilot)	% Tree damage/Dollar <u>7/</u>
Hybrid Sorghum Seed	Bushels (56 lbs.)/Dollar <u>3/</u> , <u>6/</u>
Macadamia Nuts	Pounds
Macadamia Trees	% Tree damage/Dollar <u>7/</u>
Millet	Bushels (50 lbs.) <u>3/</u>
Mint	Pounds
Mustard	Pounds (60 lbs.) <u>4/</u>
Livestock	Hundredweight/Dollar <u>6/</u>
Nursery	Dollar (Individual Plant Value)
Oats	Bushels (32 lbs.) <u>3/</u>
Olives Table Oil	Tons <u>1/</u> Gallons
Onions	Hundredweight
Pasture, Rangeland, Forage Pilot Rainfall Index plan	Grid Index

1/ Ton = 2,000 pounds.

2/ Loss measurement is first based on weight/capacity measurement, as shown, and then is converted to dollars.

3/ These crops have bushel units of measure.

4/ These crops have a pound unit of measure and the standard test weight is not used in the farm-stored calculation of gross production.

5/ 20 lbs. in Arizona and Coachella Valley, CA district; 21 lbs. in all other CA districts.

6/ Loss measurement is first based on weight/capacity measurement, as shown, and then is converted to dollars.

7/ For Forage Seeding, the loss measurement is first based on the % of stand, and then the dollar loss is determined from this. For Tree Crops, the loss measurement is first based on the % of tree damage, and then the dollar loss is determined from this.

Unit of Measure of Production and Standard Weight Per Unit, by Crop (Continued)

Crop Name	Unit of Measure
Pasture, Rangeland, Forage Pilot Vegetative Index plan	Grid Index
Peaches	Bushels (50 lbs.) <u>3/</u>
Peanuts	Pounds
Pears	Tons <u>1/</u>
Peas, dry	Pounds (60 lbs.) <u>4/</u>
Peas, green	Pounds
Pecans	Pounds/Dollars <u>2/</u>
Peppers	1 1/9 bushels (per box) /Dollar <u>2/</u>
Pistachios	Pounds
Fresh Plums	Lugs (28 lbs.)
Popcorn	Pounds (56 lbs.) <u>4/</u>
Potatoes (Northern and Central/Southern)	Hundredweight
Prunes	Tons <u>1/</u>
Pumpkins (Pilot)	Tons <u>1/</u>
Raisins	Tons <u>1/</u> Dollar <u>2/</u>
Rice	Pounds (45 lbs.) <u>4/</u>
Rye	Bushels (56 lbs.) <u>3/</u>
Safflowers	Pounds (35 lbs.) <u>4/</u>
Sesame Seed	Pounds (45 lbs.) <u>4/</u>
Sorghum Silage (Pilot)	Tons <u>1/</u>
Soybeans	Bushels (60 lbs.) <u>3/</u>
Stonefruit	
Fresh Apricots	Lugs (24 lbs.)
Fresh Nectarines	Lugs (25 lbs.)
Freestone Peaches	Lugs (22 lbs.)
Proc. Apricots and Proc. Cling Peaches, and Processing Freestone Peaches	Tons <u>1/</u>
Fresh Plums	Lugs (28 lbs.)
Sugar Beets	Tons <u>1/</u>
Sugarcane	Pounds
Sugarcane (Hawaiian)	Pounds

1/ Ton = 2,000 pounds.

2/ Loss measurement is first based on weight/capacity measurement, as shown, and then is converted to dollars.

3/ These crops have bushel units of measure.

4/ These crops have a pound unit of measure and the standard test weight is not used in the farm-stored calculation of gross production.

Unit of Measure of Production and Standard Weight Per Unit, by Crop (Continued)

Crop Name	Unit of Measure
Sunflower Seed (Oil)	Pounds (29 lbs.) <u>4/</u>
Sunflower Seed (Non-Oil)	Pounds (25 lbs.) <u>4/</u>
Sweet Corn (Processing)	Tons <u>1/</u>
Sweet Corn (Fresh)	Containers (42 lbs.)/Dollar <u>2/</u>
Sweet Potatoes Louisiana (Pilot)	Hundredweight
Tobacco	Pounds
Tomatoes (Processing)	Tons <u>1/</u>
Tomatoes (Fresh)	Cartons (25 lbs.)/Dollar <u>2/</u>
Tomatoes (Fresh Guarantee)	Cartons (25 lbs.)
Walnuts	Pounds
Wild Rice, Cultivated	Pounds (25 lbs. for MN) <u>4/</u> Pounds (29 lbs. for CA) <u>4/</u>
Wheat	Bushels (60 lbs.) <u>3/</u>

1/ Ton = 2,000 pounds.

2/ Loss measurement is first based on weight/capacity measurement, as shown, and then is converted to dollars.

3/ These crops have bushel units of measure.

4/ These crops have a pound unit of measure and the standard test weight is not used in the farm-stored calculation of gross production.