



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

INFORMATIONAL BULLETIN

TO: All Reinsured Companies
All Risk Management Field Offices
All Other Interested Parties

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 11-24-99
Administrator

SUBJECT: Carryover Tobacco Loss Adjustment Advisory

ISSUE:

The Guaranteed Production Crop Provisions and the Quota Tobacco Crop Provisions (Crop Provisions) for the 1999 crop year require the insured to report any carryover tobacco from previous years on the acreage report. The Tobacco (Guaranteed Production) and Tobacco (Quota) Loss Adjustment Standards (Standards) handbooks require the loss adjuster to verify the carryover tobacco with the Farm Service Agency (FSA). The Standards state that if the amount of carryover poundage listed on the acreage report does not match what the producer reported to the FSA county office on the MQ-108-1, Report of Unmarketed Tobacco, the lesser of the two amounts should be recorded in the narrative of the T-P-C Production Worksheet. Reinsured companies have requested clarification from the Risk Management Agency concerning the handling of carryover tobacco documented in the narrative of the T-P-C Production Worksheet.

The purpose of this bulletin is to ensure all insurance providers are handling carryover tobacco consistently.

DISCUSSION:

Procedure requires loss adjusters verify the carryover tobacco reported to FSA and record the lesser of the carryover tobacco reported on the MQ-108-1 or the crop insurance acreage report in the narrative of the T-P-C Production Worksheet. Any tobacco determined at the final settlement of a



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claim to be the actual amount of carryover tobacco will not be considered production to count for the current crop year. Production to count shall be determined in accordance with the Crop Provisions.

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This advisory is being issued as an Informational Bulletin as it does not change or modify any existing policy or procedure. This loss adjustment advisory is intended to ensure consistent application of existing policy provisions and procedure relating to carryover tobacco.