



**United States Department of Agriculture**

Farm and Foreign Agricultural Services  
Risk Management Agency

**INFORMATIONAL MEMORANDUM**

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

**FROM:** Kenneth D. Ackerman /s/ Ken Ackerman 7-18-00  
Administrator

**SUBJECT:** Claims Advisory - Uninsured Causes of Loss or Abandonment

**ISSUE:**

Risk Management Agency (RMA) field offices have received numerous complaints alleging insured producers in some areas of Texas have not made chemical applications to their cotton fields to control insects or weeds or have done an inadequate job of spraying. Other alleged activities include: (1) recommended seeding rates were not followed; (2) poor quality seed was used to plant the crop; and (3) seed was not planted in a manner in which normal germination would be expected. Similar allegations have been received concerning cotton in Alabama and Georgia and peanuts in Oklahoma.

This Informational Memorandum is issued to advise insurance providers of allegations received by RMA and provide policy and procedural references for dealing with such situations. The procedural references and specific policy provisions apply for any crop where the producer has not planted and/or cared for the insured crop according to recommended good farming practices.

**BACKGROUND:**

- 1 The crop insurance contract provides protection for planted crops only against unavoidable loss of production due to insured causes of loss. Producers are required to follow good farming practices in the planting and management of the crop. The Common Crop Insurance Policy Basic Provisions states the following:



1400 Independence Ave., SW • Stop 001 • Washington, DC 20250-0805

The Risk Management Agency Administers and Oversees  
All Programs Authorized Under the Federal Crop Insurance Corporation

An Equal Opportunity Employer

**Abandon:** *Failure to continue to care for the crop, providing care so insignificant as to provide no benefit to the crop, or failure to harvest in a timely manner, unless an insured cause of loss prevents you from properly caring for or harvesting the crop or causes damage to the extent that most producers of the crop on acreage with similar characteristics in the area would not normally further care for or harvest it.*

**Good farming practices:** *The cultural practices generally in use in the county for the crop to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance, and are those recognized by the Cooperative State Research, Education, and Extension Service (CSREES) as compatible with agronomic and weather conditions in the county.*

- 2 The Cotton Crop Provisions in Section 8, Causes of Loss, state insurance is provided against loss due to insects but **not** damage due to insufficient or improper application of pest control measures. Other crop provisions contain similar language.
- 3 Crop provisions including the Cotton Crop Provisions require an appraisal of not less than the production guarantee for acreage that is **abandoned or damaged solely by uninsured causes**.
- 4 The Loss Adjustment Manual, FCIC 25010, requires loss adjusters to verify the cause and amount of loss was due to insured causes. Section 2, paragraph 92 contains provisions with regard to the distinction between **abandon versus not following a good farming practice**. Section 2, paragraph 143 provides instructions for **uninsured causes of loss**.

**ACTION:**

Insurance providers are reminded of their responsibility to determine if CSREES recommendations were followed with regard to seedbed preparation, seeding rate and depth, and use of insecticide, herbicide or tillage practices for proper insect and weed control. If requested, the insured must provide necessary documentation, including seed, chemical, and chemical application receipts, to verify the use of good farming practices. Appraisals for uninsured causes of loss or crop abandonment are required in cases where: 1) it is determined some or all of the crop damage was not the result of insured causes of loss contained in the crop provisions, and/or 2) the insured is unable to prove to the insurance provider's satisfaction that CSREES recognized good farming practices were followed in planting and caring for the crop.

Insurance providers are requested to ensure crop insurance indemnities are **only** paid for unavoidable loss of production due to insured causes of loss occurring during the insurance period.

**DISPOSAL:**

This Informational Memorandum is providing information and does not change existing policy or procedure. The disposal date is December 31, 2000.