



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: Phyllis W. Honor /s/ William Buchanan 10/26/01
Acting Administrator

SUBJECT: Claims Advisory - Uninsured Causes of Loss for Fall Seeded Crops in
Arizona, California, Idaho, Montana, Nevada, Oregon, Washington, and
Wyoming

ISSUE:

Due to continuing drought conditions in the Western United States, the Risk Management Agency (RMA) is re-emphasizing the terms of the Federal crop insurance policies regarding recommended farming practices as they relate to planting and caring for fall seeded acreage.

Insurance providers are reminded that 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 *which are compatible with agronomic and weather conditions in the county.*

BACKGROUND:

The crop insurance contract provides protection 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:



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

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The insurance provided is against only unavoidable loss of production directly caused by specific causes of loss contained in the Crop Provisions. All other causes of loss, including but not limited to the following, are NOT covered:

- (a) Negligence, mismanagement, or wrongdoing by you, any members of your family or household, your tenants, or employees;*
- (b) Failure to follow recognized good farming practices for the insured crop;*

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 as compatible with agronomic and weather conditions in the county.

The Crop Provisions require an appraisal of not less than the production guarantee for acreage that is damaged solely by uninsured causes.

The Loss Adjustment Manual, FCIC 25010 (LAM) specifies:

*The contract does not cover any loss that is due to the insured's failure to follow recognized good farming practices **adapted to the area**. Such farming practices vary by crops and by areas. Some of the more common uninsured CAUSES of loss DUE TO FAILURE TO FOLLOW recognized GOOD FARMING PRACTICES are:*

- (1) Use of damaged, old, or un-adapted seed.*
- (2) Failure to plant the recommended quantity of seed.*
- (3) Improper seedbed preparation.*
- (4) Failure to properly plant, care for, or harvest the insured crop.*
- (5) Improper fertilization timing and rates*

The LAM requires loss adjusters to verify the cause and amount of loss was due to insured causes. Part 4, Section 2, paragraph 110 provides instructions for Unusual/Controversial Cases, specifically **uninsured causes of loss**. Paragraph 110 specifically details instructions when a producer fails to follow good farming practices.

ACTION:

Insurance providers are reminded of their responsibility to determine if CSREES recommendations were followed with regard to “good farming practices,” including proper seed, seedbed preparation, seeding rate and depth, and which are compatible with agronomic and weather conditions in the county. If requested, the insured must provide necessary documentation, including, but not limited to, 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 must 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 March 30, 2002.