



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-00-024

TO: All Reinsured Companies
All Risk Management Agency Field Offices

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 8-8-00
Administrator

SUBJECT: Cultivated Clam Pilot Crop Insurance Provisions for the 2000 Crop Year

BACKGROUND:

The Risk Management Agency (RMA) has received questions concerning optional units and clarification of certain loss adjustment information. A question has been raised whether leases within the same lease site would be considered optional units if such leases were separated by an access "road" (boat access lane) of sufficient width. Questions have also been raised regarding the loss adjustment procedures for handling Age I and Age II clams.

ISSUE 1:

Section 2 of the Cultivated Clam Pilot Crop Insurance Provisions allows basic units to be divided into optional units by non-contiguous lease parcel. Under Section 1, Definitions, noncontiguous is defined as "In lieu of the definition in the Basic Provisions, any two or more tracts of land whose boundaries do not touch at any point and are separated by land of at least 30 feet not under lease or leased to another." Under the terms of the policy, separate leases in rows that are separated by fewer than 30 feet would not qualify as optional units. However, leases separated by 30 feet or more would qualify as optional units.



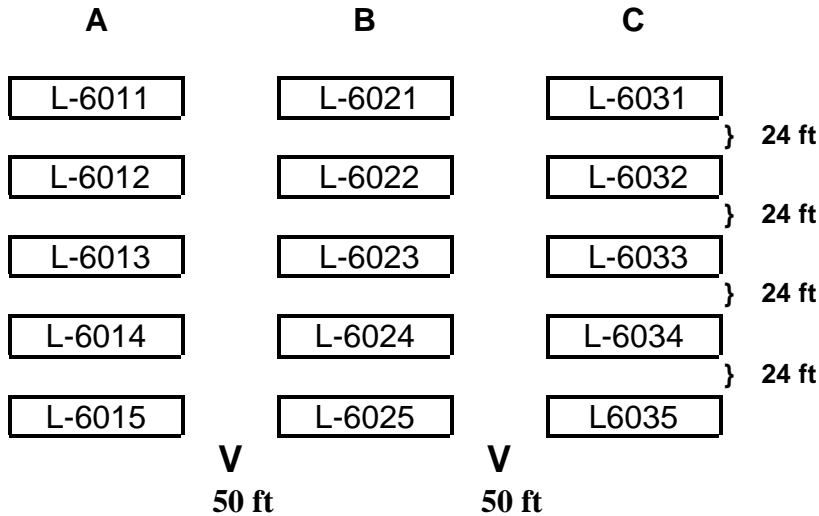
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Example:

Assume a lease site is configured as follows.



Insured Jones leases sites L-6011 and L-6012 from column A. The insured would be entitled to only one unit.

Insured Smith leases sites L-6011 from column A, L-6023 from column B, and L-6035 from column C. The insured would be entitled to three optional units since the leases are more than 30 feet apart.

Insured Roberts leases sites L-6011, L-6012, L-6014 and L-6015 from column A, and L-6034 and L-6035 from column C. The insured would be entitled to three optional units, two units in column A (L-6011 and L-6012 as one unit and L-6014 and L-6015 as the second) and one in column C (L-6034 and L-6035 as one).

Insured Herman leases sites L-6011, L-6013 and L-6015 from column A. The insured would be entitled to three optional units.

ISSUE 2:

Questions have been raised regarding the claim procedures for Age I and Age II clams. In particular, the consistency of the loss procedures and the policy terms has been questioned. An example of a single unit loss is provided in the Cultivated Clam Pilot Crop Insurance Provisions, Section 18, Examples. Whenever a loss occurs, the unit value before loss is determined by including the number and ages that existed on the date of the clam inventory value report filed by the producer with the application, adjusted for changes including but not limited to, seeding, harvesting, change in age, the prices contained in the actuarial document, and the applicable survival factors. The amount of insurance under the policy then is divided among the individual units (NOT AGE VALUES) prorated to the value of the clams in each unit at the time of loss.

The loss adjustment procedures are consistent with the approved policy provisions.

ACTION:

As allowed in the Cultivated Clam Pilot Crop Insurance Provisions:

Optional units for noncontiguous lease parcels will be allowed if they are separated by at least 30 feet of land leased to another or not under lease.

If you have any questions about this memorandum, please contact Charles Naglich, Research and Evaluation Division, at (816) 926-1832, or the applicable RMA Regional Office.

DISPOSAL:

This Bulletin is effective until November 30, 2000.