



United States
Department of
Agriculture

Risk
Management
Agency

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BULLETIN NO.: MGR-04-008

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

FROM: Ross J. Davidson, Jr. /s/ *Ross J. Davidson, Jr.* 8/24/04
Administrator

SUBJECT: Emergency Loss Procedures for the 2004 Hurricane Damage in Florida

BACKGROUND:

On August 13-14, 2004, Hurricane Charley caused catastrophic damage to crops in the State of Florida. The destruction of power lines, telephone lines, cellular phone towers and the debris has in some cases made travel and communications difficult. In response to this situation, approved insurance providers have taken steps to directly contact policyholders and mobilize all available loss adjustment personnel to assure timely settlement of claims. Due to the catastrophic nature of the damage, the Risk Management Agency (RMA) is authorizing emergency loss procedures that streamline certain loss determinations and to assist in the adjustment of losses and issuance of indemnity payments to crop insurance policyholders in the affected areas. The emergency loss procedures do not jeopardize program integrity or create any indemnity payments beyond what current policy and procedure authorize.

ACTION:

Based upon current information the following counties are affected by hurricane damage and are hereby authorized for the following emergency loss procedures:

Brevard	Hillsborough	Polk
Charlotte	Lee	Seminole
Desoto	Manatee	Volusia
Hardee	Osceola	
Highlands	Orange	

For areas outside of the counties listed where approved insurance providers identify damage from Hurricane Charley, the approved insurance provider can contact the Valdosta Regional Office for approval in writing to use these emergency loss procedures. Any areas outside of the counties listed that are approved will be shared with all approved insurance providers writing in the area.



The Risk Management Agency Administers
And Oversees All Programs Authorized Under
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RMA is authorizing the following actions for all crops to increase the efficiency of making loss determinations:

(1) Due to the destruction of lines of communication, many policyholders are unable to communicate with their agents to report losses. In lieu of the requirement to report damage within 72 hours, companies are authorized to consider individual circumstances in accepting delayed Notices of Loss in accordance with the Loss Adjustment Manual Standards Handbook (LAM) paragraph 69A. Delayed notices of loss or claim because of the hurricane do not require completion of the special report required by the LAM paragraph 69 G. In cases where the delayed claim was due to the hurricane, document such in the narrative of the Production Worksheet.

(2) Reported acres certified on the Acreage Report may be used as determined acres for claim purposes unless:

- (a) Acceptable measured acres as defined in the LAM are readily available (e.g., acreage determined during a previous inspection, insured provides an acreage measurement record.)
- (b) Based on visual observations at the time of loss adjustment, it is determined the acres appear unreasonable. If it appears unreasonable, the acreage must be determined according to LAM procedure.

Note: Companies are reminded that current loss adjustment procedure does not require the use of Farm Service Agency (FSA) documents, aerial photos, FSA-578, etc., to verify crop acreage or share. Local FSA Offices will be facing increased workloads during this period.

(3) If the crop (other than nursery or citrus fruit and trees) is destroyed:

- (a) On the entire unit and there is no potential that any remaining production may be harvested:
 - (i) Complete the claim form as appropriate based on the type of claim (Replant, Stage or Final) and show no production to count.
 - (ii) An appraisal worksheet is not required.
- (b) On part of the unit, field, or subfield:
 - (i) Estimate the acreage in the field or subfield based on the certified acreage from the acreage report (refer to number 2).
 - (ii) Complete the claim form as appropriate based on the type of claim (Replant, Stage or Final) and show no production to count for the field(s) or subfield(s) destroyed.
 - (iii) An appraisal worksheet is not required.

(4) If the crop (other than nursery or citrus fruit and trees) is not destroyed:

- (a) A minimum number of three samples per unit is required without regard to size of acreage if the damage is consistent. If there are more than three fields, only one per field or subfield is required.

- (b) Additional samples may be taken to assure accuracy of appraisals.
- (c) Estimate the acreage in the fields or subfields based on the certified acreage from the acreage report (refer to number 2).
- (d) Record the harvested or appraised production on the applicable Appraisal or Production Worksheet.

(5) For Nursery:

- (a) The Nursery Crop Provisions require a new plant inventory value report by September 1 or the one in effect on August 31 will be used; however, it may not be possible for insured producers to do such given the damage to the nursery, and interruption of communications. Therefore, insurance providers may consider the following for insured producers making claims for hurricane damage:
 - (i) Accept plant inventory value reports up to September 30, 2004.
 - (ii) A 30 day waiting period will still be applicable to any increase in inventory value for the 2005 crop year.
- (b) For 2005 and subsequent crop years, approved insurance providers must determine if insured nursery growers have incurred more than one paid crop insurance indemnity due to excess moisture not associated with a named storm, during the four most recent crop years. If the producer has received more than one such indemnity, the insurance provider must inspect the nursery prior to insurance attaching the following year.
- (c) For insurable plants (genus, species, subspecies, variety, cultivar) that have no remaining value, complete the Nursery Appraisal Software by entering a "D" in the "Months to Recover" field.
- (d) Collateral damage to unaffected plants incurred while clearing debris or rehabilitating damaged plants is not considered an insurable cause of loss.

(6) For Florida Citrus Fruit:

- (a) Due to the amount of immature fruit on the ground it may not be possible to adjust citrus fruit losses in the normal manner; therefore, insurance providers may utilize the procedure for hurricane and/or tornado losses currently contained in the Florida Citrus Fruit Loss Adjustment Standards Handbook, Adjusters Citrus Worksheet instructions for Part I. If previous crop years' production records are used to determine the average yield, refer to item 28 in Part II and in particular the NOTE.
- (b) Use the following minimum representative samples of trees for determining the fruit on the trees when the loss adjuster, based on visual observations, determines consistent damage:

Number of Acres	Select
10.0 or less	The lesser of 5 trees or 5% of the number of trees in the orchard (rounded to the nearest whole tree).
10.1 to 100.0	5 trees for the first 10 acres, plus 1 tree per additional 10.0 acres.
100.1 or more	14 trees for the first 100 acres, plus 1 tree per additional 100.0 acres.

- (c) The fruit measurement requirement in item No. 17 of the Adjuster Citrus Worksheet may not be applicable because of the immature fruit; therefore, use the average fruit numbers provided, by crop, in the following table:

Crop		Average Fruit Per Box
Early/Mid		247
Valencia		202
White Grapefruit		90
Colored Grapefruit		98
Navels		133
Temples		211
Tangelos		220
Tangerines	Fallglo	236
	Sunburst	297
Honey Murcotts		252

- (7) To expedite Florida Fruit Tree Pilot (FFTP) loss adjustment, the following guidelines are approved to establish a deviation in the appraisal procedure as outlined in Section 6. A. of the FFTP Loss Adjustment Standards Handbook (LASH). For appraisal deviation purposes loss adjusters, working with insured producers, may designate blocks of damaged, undamaged, and destroyed trees. The following actions are authorized for FFTP loss adjustment:

- a. Reported trees certified on the Acreage Report may be used as the actual number of trees for claim purposes unless:
 1. An alternate, acceptable measure of the number of trees is readily available (e.g., number of trees determined during a previous inspection, insured provides an acreage measurement record.)
 2. Based on visual observations at the time of loss adjustment, it is determined that the reported number of trees appears to be unreasonable. If it appears unreasonable, the number of trees must be determined according to LASH procedure.

Note: Companies are reminded that current loss adjustment procedure does not require the use of Farm Service Agency (FSA) documents, aerial photos, FSA-578, etc., to verify the number of trees or share. Area FSA Offices will be facing increased workloads during this period.

- b. In lieu of the FFTP, LASH instructions outlined in Section 7. A. (3) for Non-Asiatic Citrus Canker (ACC) losses, the requirement to complete Appraisal Worksheets for the entire unit is waived. Companies may divide units into blocks of damaged, undamaged, and destroyed trees.
1. Blocks of damaged trees will require an Appraisal Worksheet as specified in the LASH.
 2. Blocks of undamaged trees will not require an Appraisal Worksheet, but must be accounted for on the Production Worksheet as outlined in Section c. of these guidelines.
 3. Blocks of trees totally destroyed with no remaining value, do not require an appraisal worksheet.
- c. **With the signed consent of the insured**, adjusters may show blocks that are undamaged as a separate line item on the Production Worksheet.

In addition to the instructions for completing Section I, Item C of the Production Worksheet, authority is granted to modify the instructions to add: “c. Undamaged trees in the unit” to allow undamaged trees to be accounted for on the Production Worksheet and to add “d. trees totally destroyed.” Section I of the Production Worksheet should be completed following the instructions in the Handbook with the following exceptions:

- i. Item A: Field ID: The grove identification symbol for the block of undamaged trees.
 - ii. Item C: Enter the number of undamaged trees in the agreed upon block of trees.
 - iii. Item I: Intended or Final Use: Enter “NON” for undamaged trees or “NON” for trees that are totally destroyed.
 - iv. Item L: Shell and/or Quality Factor: Enter “1.00” if there is no damage to the block. Enter “0.00” if the block is totally destroyed.
- (d) The requirements of the LASH listed in Table A – Minimum Sample Requirements for Representative Samples are waived. The minimum sample size under this appraisal deviation is reflected in the following chart provided, based on visual observation, damage is consistent. Additional samples should be taken, as necessary, to assure accurate appraisals.

Number of Trees	Select
1,000 or less	5 trees.
1,001 and above	5 trees for the first 1,000 trees plus 1 tree per additional 1,000 trees.

DISPOSAL DATE:

This Manager’s Bulletin is for the purpose of transmitting information and the expiration date is September 30, 2005.