



United States  
Department of  
Agriculture

Risk  
Management  
Agency

Research  
and  
Development

P.O. Box 419293  
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December 1, 1998

**INFORMATIONAL MEMORANDUM: R&D-98-068**

TO: All Reinsured Companies  
All Risk Management Agency Field Offices

FROM: Tim B. Witt /s/ *Tim B. Witt*  
Deputy Administrator

SUBJECT: Loss Adjustment Advisory for Malting Barley Insured Under the Terms of the  
Malting Barley Price and Quality Endorsement or the Income Protection Malting  
Barley Price and Quality Endorsement

**BACKGROUND:**

Adverse weather conditions have resulted in greater than normal amounts of malting barley being rejected under the terms of contracts between producers and buyers, and not meeting the quality standards contained in the provisions of the malting barley endorsements. In some cases such barley has been purchased for malting purposes. In other cases it is in storage and may later be purchased for malting use. Provisions of the malting barley endorsements require that all production used for malting purposes be included as production or value to count, and that no claim be settled until at least May 31 following the insured crop year when damaged barley grading U.S. No. 3 or better is being held by an insured. Questions have come up regarding the length of time, if any, that an insurance provider may delay settlement of a claim when a producer continues to hold damaged malting barley production beyond the May 31 date.

**ACTION:**

In accordance with the provisions of the malting barley endorsements, claims involving production not meeting the quality criteria contained in the endorsements but that does grade U.S. No. 3 or higher may not be settled prior to the earlier of:

- (a) The date the production is sold, fed, donated or otherwise utilized; or
- (b) May 31 of the calendar year immediately following the calendar year in which the malting barley is normally harvested.

This provision does not require insurance providers to settle claims on May 31. If disposition of the production will occur soon after May 31, the insurance provider may wait to settle the claim until final use of the barley is known. If disposition will not occur soon after May 31, insurance providers may complete the claim but will have the insured sign the following certification:

I certify that barley insured under the Malting Barley Price and Quality Endorsement or the Income Protection Malting Barley Price and Quality Endorsement that has not been included as production or value to count against my insurance guarantee or unit amount of protection, will not be sold for use as malting barley. If after signing this certification such production is sold for use as malting barley, I agree to promptly notify (Insurance Provider's Name) and agree that my claim will be recalculated in accordance with all applicable policy terms.

**DISPOSAL:**

The expiration date for this Informational Memorandum is July 31, 1999.