



United States
Department of
Agriculture

August 21, 2020

Farm Production
and Conservation

Risk
Management
Agency

Beacon Facility
Mail Stop 0801
P.O. Box 419205
Kansas City,
MO 64141-6205

INFORMATIONAL MEMORANDUM: OA-20-003

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Martin R. Barbre, Administrator

SUBJECT: Claims Advisory – Use of Representative Sample Areas

BACKGROUND:

The Risk Management Agency (RMA) has received numerous reports that Approved Insurance Providers (AIPs) are instructing insureds that RMA requires damaged production be harvested to be eligible for a crop insurance indemnity.

ACTION:

Neither the Common Crop Insurance Policy, Basic Provisions, nor individual Crop Provisions requires harvest. The [2020 Loss Adjustment Manual \(LAM\)](#) provides procedures for situations in which the insured may or may not harvest, including procedures for Representative Sample Area (RSA) appraisals, procedures for situations in which the crop will never be able to be mechanically harvested, and procedures for release of acreage.

Insureds have the option to settle claims based on appraised or harvested production. When insureds request their acreage be released for another use, AIPs may require that RSAs be left for reasons listed in paragraph 924 of the LAM. If RSAs are authorized, insureds are required to maintain the RSAs as they would if the acreage would be taken to harvest. If insureds comply with these requirements and the RSAs are maintained until the time of normal harvest, any additional production damage to the RSAs due to a named peril in the policy will be considered an insured Cause of Loss, including revenue losses.

If the crop is determined to be unable to be mechanically harvested, refer to subparagraph 921D in the LAM.

DISPOSAL DATE:

This memorandum is in effect until December 31, 2020.



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BULLETIN NO.: MGR-20-024

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Martin R. Barbre
Administrator

SUBJECT: Emergency Procedures for Crops Damaged by the Derecho Storm System

BACKGROUND:

On August 10, 2020, a derecho storm system caused catastrophic damage across the Midwest. The Risk Management Agency (RMA), in conjunction with Approved Insurance Providers (AIPs), recognize the need for authorizing emergency procedures to streamline certain loss determinations on specific crops, which will accelerate the adjustment of losses and issuance of indemnity payments to crop insurance policyholders in impacted areas.

ACTION:

RMA authorizes the use of these emergency procedures in Illinois, Indiana, Iowa, Michigan, Missouri, Nebraska, and Wisconsin counties impacted by the derecho event.

The application of these emergency procedures is limited to those situations where the catastrophic nature of the losses, due to insured perils, would result in unnecessary delays in processing claims and the ability to make timely policy decisions.

RMA is authorizing the following emergency procedures for AIPs to utilize, on a case-by-case basis, for all crops in counties impacted by the derecho event to assist impacted policyholders and increase the efficiency of AIP services and determinations (All other loss procedures (e.g.; use of certification forms) are still applicable):

- (1) In lieu of requirements to report damage within 72 hours, RMA authorizes AIPs to consider individual circumstances in accepting delayed notices of loss in accordance with the 2020 Loss Adjustment Manual (LAM) Standards Handbook (FCIC-25010- 3H). Delayed notices of loss or delayed claims because of the derecho storm system do not require completion of the Special Report required by the LAM. Document such in the Narrative of the Production Worksheet (PW).
- (2) For all claims utilizing these emergency procedures, AIPs must:
 - (a) Submit all information through the Policy Acceptance and Storage System (PASS) for applicable Appendix III to the Standard Reinsurance Agreement (SRA) record types with a simplified claim flag of “F.”
 - (b) Document in each claim folder that these emergency procedures were applied.

Record in the Narrative of the PW: “Emergency procedures applied per MGR 20-20-24.”

- (3) AIPs may use reported acres certified on the acreage report as determined acres for claim purposes, unless:
 - (a) Acceptable measured acres as defined in the LAM are readily available (e.g., acreage measured during a previous inspection, precision farming records available, etc.); or
 - (b) The loss adjuster can make a visual observation at the time of loss adjustment and it is determined the reported acres certified on the acreage report appear unreasonable. In this case, the acreage must be determined according to LAM procedures. If the loss adjuster is unable to make a visual observation at the time of loss adjustment and the acreage seems excessive compared to historically reported acreage, then use the acreage from past crop insurance measurements, precision farming records, previous acreage reports, Farm Service Agency (FSA) acreage reports, crop insurance claims, etc., to determine the acreage for the claim.

NOTE: Current RMA-issued loss adjustment procedures do not require the use of FSA documents, such as aerial photos, FSA-578, etc., to verify crop acreage or share.

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- (4) For crops destroyed or damaged to the extent that they will never be harvested (e.g., unable to be mechanically harvest, etc.).
 - (a) On the entire unit:
 - (i) Complete the PW, reflecting zero 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 (4) above).
 - (ii) Complete the PW, reflecting zero production to count for the destroyed/unharvestable field or subfield.
 - (iii) An appraisal worksheet is not required on the destroyed/unharvestable acreage.
- (5) For crops not destroyed on the unit or part of the unit:
 - (a) A minimum number of three representative samples per unit are required without regard to the size of acreage if the damage is not consistent. If there are more than three fields or subfields within the unit and the damage is consistent, only one representative sample per field or subfield is required. AIPs must notate as such in the Narrative of the PW.
 - (b) Estimate the acreage in the field(s) or subfield(s) based on the certified acreage from the acreage report (refer to (4) above).
 - (c) Record the harvested or appraised production on the applicable appraisal or PW.
- (6) RMA will monitor claims over \$200,000 and if the level of claims in excess of \$200,000 rises above 5% of all claims within the state, RMA may provide relief on the \$200,000 review requirement found in Appendix IV of the SRA.

RMA, working with AIPs, will issue additional emergency procedures as deemed applicable.

DISPOSAL DATE:

December 31, 2020