

United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



Product  
Development  
Division

FCIC-25520 (03-1999)  
FCIC-25520-1 (05-1999)  
FCIC-25520-2 (06-2000)

# **TOBACCO (GUARANTEED PRODUCTION) LOSS ADJUSTMENT STANDARDS HANDBOOK**

2000 and Succeeding Crop Years



UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250

<b>FEDERAL CROP INSURANCE HANDBOOK</b>	<b>NUMBER: 25520 (03-1999)</b> <b>25520-1 (05-1999)</b> <b>25520-2 (05-2000)</b>
<b>SUBJECT:</b>  <b>TOBACCO (GUARANTEED PRODUCTION)</b> <b>LOSS ADJUSTMENT STANDARDS HANDBOOK</b> <b>2000 AND SUCCEEDING CROP YEARS</b>	<b>DATE: June 8, 2000</b>
	<b>OPI: Product Development Division</b>
	<b>APPROVED: \S\ Kenneth D. Ackerman</b>  <b>Administrator, Risk Management Agency</b>

**THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED LOSS ADJUSTMENT STANDARDS FOR THIS CROP FOR THE 2000 AND SUCCEEDING CROP YEARS. IN THE ABSENCE OF INDUSTRY-DEVELOPED, FCIC-APPROVED PROCEDURE FOR THIS CROP FOR 2000 AND SUCCEEDING CROP YEARS, ALL REINSURED COMPANIES WILL UTILIZE THESE STANDARDS FOR BOTH LOSS ADJUSTMENT AND LOSS TRAINING.**

**SUMMARY OF CHANGES/CONTROL CHART**

Major Changes: See changes or additions in text which have been **redlined**. Three stars (\*\*\*) identify information that has been removed.

1. Revises Production Worksheet entries in section 9B:
  - A. Section I: Final Acres (column c); Stage (column H); Intended or Final Use (column I); and Appraised Potential (column J).
  - B. Section II: Date Harvested/Sale Completed (column 18); Stalk Inspection date entry; Quota, Non-Quota, Bale No. used for disposition of tobacco production (column F); Production (column G) revised to add procedure for production that has no market value, and for North Carolina ONLY, tobacco quota poundage that has been fall leased or transferred from an optional unit.
2. Adds a new form and instructions in Exhibit 2: Waiver of Right to Lease or Transfer Flue Cured Tobacco Pounds.

**TOBACCO (GUARANTEED PRODUCTION)  
LOSS ADJUSTMENT STANDARDS HANDBOOK**

**SUMMARY OF CHANGES/CONTROL CHART (Continued)**

Control Chart For: Tobacco (Guaranteed Production) Loss Adjustment Standards Handbook						
	SC Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive Number
Remove	1-2	1-2	21-22 27-28		5-99 3-99 3-99	FCIC-25520-1 FCIC-25520 FCIC-25520
Insert	1-2	1-2	21-22 27-28.2	41-43	6-00 6-00	FCIC-25520-2 FCIC-25520-2
Current Index	1-2	1-2	1-10 11-12 13-20 21-22 23-24 25-26 27-28.2 29-30 31-32	33-40 41-43	6-00 3-99 5-99 3-99 6-00 3-99 5-99 6-00 3-99 5-99 3-99 6-00	FCIC-25520-2 FCIC-25520 FCIC-25520-1 FCIC-25520 FCIC-25520-2 FCIC-25520 FCIC-25520-1 FCIC-25520-2 FCIC-25520 FCIC-25520 FCIC-25520-1 FCIC-25520 FCIC-25520-2

**TOBACCO (GUARANTEE PRODUCTION)  
LOSS ADJUSTMENT HANDBOOK**

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**B. Preliminary Acres:**

**PRELIMINARY:** The number of acres, to hundredths, (include “E” if estimated), for which consent for other use has been given. Determine actual acreage, to hundredths, when the boundaries of the appraised acreage may not be determined later.

**FINAL:** MAKE NO ENTRY.

**C. Final Acres:** See the LAM for definition of acceptable determined acres used herein.

Determined acres to hundredths (include “E” if estimated) for which consent is given for other use and/or:

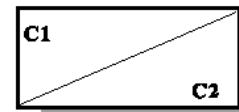
- a. Put to other use without consent.
- b. Abandoned.
- c. Damaged **solely** by uninsured causes.
- d. For which the insured failed to provide acceptable records of production.
- e. **When the stalks and stubble have been destroyed without consent for types 11, 12, 13, or 14.**

**FINAL:** Determined acres to hundredths.

**NOTE:** Acreage breakdowns **WITHIN** a unit may be estimated (enter “E” in front of the acres) if a determination is impractical **AND** if authorization was received from the insurance provider. Document authorization in the Narrative.

**ACCOUNT FOR ALL ACREAGE IN THE UNIT.** In the event of over-reported acres, handle in accordance with individual insurance provider’s instructions. In the event of under-reported acres, draw a diagonal line in Column “C” as shown.

- C<sub>1</sub> Enter the **ACTUAL** acres for the field or subfield.
- C<sub>2</sub> Enter the **REPORTED** acres for the field or subfield.



- D. Interest or Share:** Insured’s interest in the crop to three decimal places as determined at the time of inspection. If shares vary on the same UNIT, use separate line entries.
- E. Risk:** The correct rate class from the actuarial documents. Verify with the Summary of Coverage and if the rate class is found to be incorrect, revise according to the insurance provider’s instructions. See the LAM.

**NOTE:** Unrated land is uninsurable without a written agreement.

- F. Practice:** Three-digit code number, entered exactly as specified on the actuarial documents, for the practice carried out by the insured. If “No Practice Specified,” enter appropriate 3-digit code number from the actuarial documents.

G. **Type/Class/Variety:** Three-digit code number, entered exactly as specified on the actuarial documents for the type grown by the insured. If “No Type Specified,” enter appropriate 3-digit code number from the actuarial documents.

H. **Stage:**

**PRELIMINARY:** MAKE NO ENTRY.

**FINAL:** Stage abbreviation as shown below.

<u>STAGE</u>	<u>EXPLANATION</u>
"P".....	Acreage abandoned without consent, put to other use without consent, damaged solely by uninsured causes, for which the insured failed to provide records of production which are acceptable to the insurance provider, <b>or when the stalks and stubble have been destroyed without consent for types 11, 12, 13, or 14.</b>
"H".....	Harvested.
"UH".....	Unharvested or put to other use with consent.

**PREVENTED PLANTING: There are no prevented planting provisions for guaranteed production tobacco.**

I. **Intended or Final Use:** Use of Acreage. Use the following “Intended Use” abbreviations.

<u>USE</u>	<u>EXPLANATION</u>
<b>"To soybeans," etc.</b>	<b>Use made of the acreage</b>
"WOC".....	Other use without consent
"SU".....	Solely uninsured
"ABA".....	Abandoned without consent
"H".....	Harvested (refer to the Crop Provisions for the definition of harvest)
"UH".....	Unharvested

Verify any “Intended Use” entry. If the final use of the acreage was not as indicated, strike out the original line and initial it. Enter all data on a new line showing the correct “Final Use.”

J. **Appraised Potential:** Per-acre appraisal, in whole pounds, of POTENTIAL production for the acreage appraised. See appraisal methods for additional instructions.

**NOTE:** If there is no potential on UH acreage enter "0." **If the insured has leased or transferred quota pounds from an optional unit to another unit or to another producer, refer to Section II, item G for instructions (in North Carolina ONLY).**

K. **Quality Factor:** MAKE NO ENTRY.



**Verify or make the following entries:**

**Item**

**No.      Information Required**

18.      **Date Harvest/Sale Completed:** (Used to determine if there is a delayed notice or a delayed claim. See the LAM.)

**PRELIMINARY:** MAKE NO ENTRY.

**FINAL:**

- a.      Enter the earlier of the date that one of the following events occurred:
  - (1)    Total destruction of the tobacco on the unit;
  - (2)    Weighing-in at the tobacco warehouse;
  - (3)    Removal of the tobacco from the field where grown except for curing, grading, packing, or immediate delivery to the tobacco warehouse; or
  - (4)    The calendar date for the end of the insurance period for the type.
- b.      If at the time of final inspection (if prior to the end of the insurance period) there is any unharvested insured acreage remaining on the unit that the insured does not intend to harvest, enter “**Incomplete.**”
- c.      If at the time of final inspection (if prior to the end of the insurance period), **none** of the insured acreage on the unit has been harvested, and the insured does not intend to harvest such acreage, enter “**No Harvest.**”
- d.      If the case involves a Certification Form, enter the date from the Certification Form when the entire unit was put to another use, etc. See the LAM.

19.      **Similar Damage:**

**PRELIMINARY:** MAKE NO ENTRY.

**FINAL:** Check “Yes” or “No.” Check “Yes” if amount and cause of damage due to insurable causes is similar to the experience of other farms in the area. If “No” is checked, explain in the narrative.

20.      **Assignment of Indemnity:** Check “Yes” **only** if an assignment of indemnity is in effect for the crop year; otherwise check “No.” See the LAM.

21.      **Transfer of Right to Indemnity:** Check “Yes” **only** if a transfer of right to indemnity is in effect for the unit for the crop year; otherwise, check “No.” See the LAM.

A<sub>1</sub>.      **Share:** RECORD ONLY VARYING SHARES on the SAME unit to three decimal places.

A<sub>2</sub>. **Field ID:**

- a. If only one practice and/or type of harvested production is listed in Section I, MAKE NO ENTRY.
- b. If more than one practice and/or type of harvested production is listed in Section I and a separate approved APH yield exists, indicate for each practice/type the corresponding Field ID (from Section I, item “A”).

B. - E. **Row Width, Tractor Row, Est. Yield, Leaf Quality:**

STALK INSPECTION: FOR TYPES 11, 12, 13 AND 14 ONLY. After the words “Stalk Inspection” in the column heading, enter the date the stalks were inspected.

**Row Width** - Enter the average number of inches from center to center of rows in the upper portion of the space. Enter the row pattern (4-1, 5-2, etc.) in the lower portion of the space.

**Tractor Row** - Enter the width of the tractor row in whole inches. Measure from center to center of outside rows.

**Est. Yield** - Enter the estimated yield (in whole pounds) on acreage released for other use.

**Leaf Quality** - Check the appropriate entry, whether good (G), fair (F), or poor (P).

F. **Quota, Non-Quota, Bale No.:** Enter the “Disposition” of the tobacco as follows:

**PRELIMINARY:** “Destroyed by fire” for any tobacco burned in the curing barn or pack barn (see EXHIBIT 1). Otherwise, make no entry.

**FINAL:**

- a. Name and address of warehouse(s) for production sold at auctions.
- b. Name and address of buyer(s) for production sold other than at an auction.
- c. “Not sold” and the location of any production which is not sold.
- d. “Destroyed by fire” for any tobacco burned in the curing barn or pack barn. (See EXHIBIT 1). Otherwise, MAKE NO ENTRY.

G. **Production:** Account for ALL harvested production, in whole pounds, for the disposition shown in item F (include harvested production that is appraised in the barn). Explain in the narrative how “NOT SOLD” production was determined.

- a. **Determining production to count for tobacco that has no market value:**

Any carryover or current year’s tobacco that has no market value due to damage by insured causes, must be destroyed and will **not** be considered production to count. However, if the insured refuses to destroy such tobacco, include such tobacco as production to count and value it at the support price. **NOTE:** If any carryover

tobacco from previous crop years has been considered as production to count on a previous claim for indemnity, do not include as production to count on the current claim for indemnity.

b. Determining production to count for North Carolina Flue Cured Tobacco **ONLY**:

- (1) Count as production to count any tobacco pounds that have been leased or transferred from **an optional unit** to another unit or to another producer prior to November 15 of the crop year if the policyholder is the person in control of the pounds or is deriving any benefit from the lease or transfer.

**NOTE:** Identify the “Disposition” of the leased or transferred production to count in item “F” as either “Leased” or “Transferred.” Explain in the Narrative that the insured did not sign a Waiver of Right to Lease or Transfer Flue Cured Tobacco Pounds prior to the final claim for indemnity. **QUALITY ADJUSTMENT DOES NOT APPLY.**

- (2) Waiver of Right to Lease or Transfer Flue Cured Tobacco Pounds

The insured may sign a “Waiver of Right to Lease or Transfer Flue Cured Tobacco Pounds” waiving any right to lease or transfer flue cured tobacco (refer to **EXHIBIT 2**). If the waiver is signed prior to the final claim for indemnity, the procedure in item b above will not apply. However, the claim will not be processed until the company copy of the waiver has been received.



## EXHIBIT 2

### WAIVER OF RIGHT TO LEASE OR TRANSFER FLUE CURED TOBACCO POUNDS

#### A. GENERAL INFORMATION

Use this form when a flue cured tobacco claim is to be finalized on an **optional unit** in North Carolina prior to November 15.

- (1) Complete the heading and the company use section.
- (2) Explain to the insured that the claim will not be paid until the company copy of the waiver has been received in the appropriate company office, if it is necessary for the insured to mail the form.

#### B. FORM ENTRIES AND COMPLETION INFORMATION

##### Item

##### No.      Information Required

1.      **Insured's Name:** Name of the insured that identifies EXACTLY the person (legal entity) to whom the policy is issued.
2.      **Address:** Complete address of the insured.
3.      **ID #:** Social Security number or Tax number.
4.      **Crop Year:** Crop year, as defined in the policy, for which the claim is filed.
5.      **State:** State where the crop is insured.
6.      **County:** County where the crop is insured.
7.      **FSA FSN:** Identify the FSA FSN(s) that the insured has agreed not to transfer or lease tobacco pounds.
8.      **Unit No.:** Five-digit unit number from the Summary of Coverage.

#### COMPANY USE SECTION

9.      **Policy #:** Insured's assigned policy number.
10.     **Agent ID #:** Agent's assigned identification number.
11.     **Phone No.:** Agent's phone number (including area code).
12.     **Company:** Name of the company servicing the policy.

13. **Insured's Signature & Date:** Insured's (or insured's authorized representative's) signature and date.
14. **FSA Representative's Signature & Date:** FSA representative's signature and date.

**EXHIBIT 2**

**COMPANY NAME**  
FOR ILLUSTRATION PURPOSES ONLY

**WAIVER OF THE RIGHT TO LEASE OR  
TRANSFER FLUE CURED TOBACCO POUNDS**

1 INSURED'S NAME: \_\_\_\_\_ 3 ID#: \_\_\_\_\_  
2 ADDRESS: \_\_\_\_\_ 4 CROP YEAR: \_\_\_\_\_  
\_\_\_\_\_ 5 STATE: \_\_\_\_\_  
\_\_\_\_\_ 6 COUNTY: \_\_\_\_\_

I hereby agree that I will not lease or transfer, nor will I derive any benefit from the lease or transfer of any tobacco pounds from Farm Service Agency (FSA) Farm Serial Number(s) (FSN) listed below. I understand if I break this agreement, that my crop insurance indemnity will be recalculated counting all leased or transferred quota pounds as production to count on the loss unit and I will be liable for any overpayment and must make restitution to the insurance provider/company. I acknowledge that it is my responsibility to notify my insurance provider/company of any changes to this agreement. I understand that to finalize my flue cured tobacco claim prior to November 15, I must sign this waiver and obtain the FSA representative's signature.

7 FSA FSN	8 UNIT NO.	7 FSA FSN	8 UNIT NO.
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**COMPANY USE SECTION**

9 POLICY #: \_\_\_\_\_ 11 PHONE NO.: \_\_\_\_\_  
10 AGENT ID #: \_\_\_\_\_ 12 COMPANY: \_\_\_\_\_

13 INSURED'S SIGNATURE & DATE

14 FSA REPRESENTATIVE'S SIGNATURE & DATE (I certify that as of this date no quota pounds have been leased or transferred from the above referenced FSA FSNs.)

\_\_\_ INSURED'S COPY

\_\_\_ COMPANY COPY

\_\_\_ FSA COUNTY OFFICE COPY