

United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



Product  
Development  
Division


FCIC-25540-1 (10-2000)  
FCIC-25540 (06-1999)

# WALNUT LOSS ADJUSTMENT STANDARDS HANDBOOK

**2001 and Succeeding Crop Years**



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

<b>FEDERAL CROP INSURANCE HANDBOOK</b>		<b>NUMBER: 25540-1 (10-2000)</b> <b>25540 (06-1999)</b>
<b>SUBJECT:</b>  <b>WALNUT LOSS ADJUSTMENT STANDARDS HANDBOOK 2001 AND SUCCEEDING CROP YEARS</b>	<b>DATE: October 4, 2000</b>	
	<b>OPI: Product Development Division</b>	
	<b>APPROVED:</b>  Administrator, Risk Management Agency	

**THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED LOSS ADJUSTMENT STANDARDS FOR THIS CROP FOR THE 2001 AND SUCCEEDING CROP YEARS. IN THE ABSENCE OF INDUSTRY-DEVELOPED, FCIC-APPROVED PROCEDURE FOR THIS CROP FOR 2001 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.

Changes:

- A. Incorporates the 2001 Walnut Crop Provisions.
- B. Replaces the phrases “see the LAM,” “see **TABLE A**,” “See appraisal methods,” and “See the Special Provisions,” with “refer to the LAM,” “refer to **TABLE A**,” “Refer to appraisal methods,” and “Refer to the Special Provisions” wherever they appear in the revised pages.
- C. In section 4 A (4), revises the paragraph to clarify notice of damage or loss requirements, adds the policy requirement to provide notice when knowledge is obtained of any mold damage or 15 days prior to harvest so mold damaged production may be inspected, deletes subparagraphs (a) and (d), and renumbers the remaining subparagraphs.
- D. In section 4 B (8) in the last line, deletes the word “Standards” in the title of the Walnut Loss Adjustment Handbook
- E. In section 8 B, Section I, items “H” and “T” inserts a **NOTE** to refer to the LAM for information on gleaning.

## WALNUT LOSS ADJUSTMENT STANDARDS HANDBOOK

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

- F. Corrects the reference in section 8 B, Section II, item “Q<sub>1</sub>” from 8C to 3D.
- G. In section 8 B, Section I, item “L. b.,” in the first line, inserts the phrase “and such production **will not** be sold” after the word “percent.”
- H. In section 8 B, Section II, items “Q<sub>1</sub>,” “Q<sub>2</sub>,” in subparagraph “a.” inserts the phrase “and **will not** be” after the phrase “that is not” for walnut production with mold damage greater than 30 percent. In item “R. a.,” inserts “or the insurance provider” at the end of the sentence and adds the word “Net” to the beginning of the **EXAMPLE**. In item “R. c.,” inserts in the first line the phrase “and **will not** be sold) which” after the words “not sold.”
- I. In section 8 B, Section II, item 24, under **FINAL**, deletes the word “items.”

Control Chart For: Walnut Loss Adjustment Standards Handbook						
	SC Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive Number
Remove	1-2		5-6, 17-18, 23-24		06-1999 06-1999 06-1999	FCIC-25540 FCIC-25540 FCIC-25540
Insert	1-2		5-6 17-18, 23-24		10-2000 10-2000 10-2000	FCIC-25540-1 FCIC-25540-1 FCIC-25540-1
Current Index	1-2	1-2	1-4, 5-6, 7-16, 17-18, 19-22, 23-24, 25-26	27-29	06-1999 10-2000 06-1999 10-2000 06-1999 10-2000 06-1999	FCIC-25540 FCIC-25540-1 FCIC-25540 FCIC-25540-1 FCIC-25540 FCIC-25540-1 FCIC-25540

- 1 Divide the total amount received (per pound) for the mold-damaged production by the maximum available price election (per pound), and round the result to three-decimal places. This result is the QA factor.
- 2 Multiply the sold production times the QA factor to calculate the production to count.

### **EXAMPLE**

A unit produced 15,000 lbs. of walnuts with 32.0 percent mold damage. If the walnuts sold for \$.45 per lb. and the maximum price election was \$.60 per lb., then  $\$.45 \text{ per lb.} \div \$.60 \text{ per lb.} = .750$  QA factor. 15,000 lbs. times .750 QA factor = 11,250 lbs. of walnut production to count.

**NOTE:** Gather all sample nuts for mold analysis from orchards before harvested production is delivered to the handler or processor.

## **4. WALNUT APPRAISALS**

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### **A. GENERAL INFORMATION**

- (1) Potential production will be appraised in accordance with procedures specified in this handbook and the LAM.
- (2) Specifically for walnuts, circumstances that require an appraisal include (but are not limited to):
  - (a) When walnuts have not been harvested;
  - (b) If verifiable production records may not be available (roadside markets, etc.).
- (3) Make separate appraisals for each walnut variety grown in the orchard, as applicable.
- (4) **Applicability** - In addition to section 14 of the Basic Provisions, the Crop Provisions specify that if insured producers intend to claim an indemnity on any unit a “notice of damage or loss” must be given prior to each of the following events:

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- (a) Prior to the beginning of harvest so that the insurance provider may inspect the damaged production.
- (b) The insured must not sell or dispose of the damaged crop until after the insurance provider has given written consent to do so.

- (c) When knowledge is obtained of any mold damage or 15 days prior to harvest if any production has mold damage so that the insurance provider may inspect the damaged production.

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- (d) If the insured fails to meet the requirements listed above, all such production will be considered undamaged and included as production to count.

- (5) **Appraisal dates** - Insurance provider representatives will set appraisal dates whenever possible **after the nut drop period** and before the nuts are removed from the trees.

## **B. SELECTING REPRESENTATIVE SAMPLES FOR APPRAISALS**

Make a general examination of all acreage in the unit. Determine the number and general location of trees to be used in the representative samples based on:

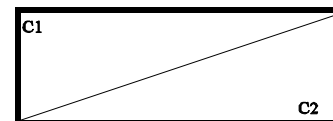
- (1) Total acreage and number of trees;
- (2) Extent of variation in the amount of production or damage within the acreage and location of nuts on the tree;

**NOTE:** When variable damage causes the crop potential to be significantly different within the same orchard, or when the insured wishes to destroy a portion of the orchard, split the orchard into suborchards, and appraise each one separately.

- (3) Percent of each variety in the acreage;
- (4) Tree age, size, density, and vigor.
- (5) The acreage in the unit from which nuts have been harvested and the extent of variation in the amount of unpicked nuts on the trees; and
- (6) Whether or not any areas have been partially harvested.
- (7) Use as many samples as necessary to accurately determine potential production. Refer to **TABLE A** for the minimum number of samples required. If sample trees are selected for QA, use these trees for nut count appraisals, as applicable.
- (8) The Random Path Appraisal Method may be used at the discretion of the insurance provider to appraise the crop production. Use this method in lieu of appraisal methods in the Walnut Loss Adjustment Handbook, as applicable.

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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 orchard or suborchard.
- C<sub>2</sub> Enter the REPORTED acres for the orchard or suborchard.

- D. **Interest or Share:** Insured's interest in 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, revised according to insurance provider's instructions. Refer to 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 three-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 three-digit code number from the actuarial documents.
- H. **Stage:**

**PRELIMINARY:** MAKE NO ENTRY.

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

**STAGE                      EXPLANATION**

"P". . . . . Acreage abandoned without consent; put to other use without consent, damaged solely by uninsured causes; or for which the insured failed to provide records of production which are acceptable to the insurance provider.

"H". . . . . Harvested.

"UH". . . . . Unharvested or put to other use with consent.

**GLEANED ACREAGE: Refer to the LAM for more information on gleaning.**

- I. **Intended or Final Use:** Use of acreage. Use the following "Intended Use" abbreviations.

**USE                              EXPLANATION**

"WOC". . . . . Other use without consent

"SU"..... Solely uninsured  
"ABA"..... Abandoned without consent  
"H"..... Harvested  
"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."

**GLEANED ACREAGE: Refer to the LAM for more information on gleaning.**

J. **Appraised Potential:** Per-acre appraisal in WHOLE in-shell pounds of POTENTIAL production for the acreage appraised. Refer to appraisal methods for additional instructions.

**NOTE:** If there is no potential on "UH" acreage, enter "0."

K<sub>1</sub>-K<sub>2</sub>. MAKE NO ENTRY.

L. **Shell and/or Quality Factor:** Refer to section 3D for additional QA instructions.

a. Appraisals with 8.1 percent through 30.0 percent mold damage, enter the applicable QA factor (to three decimal places) for the percent of mold damage (refer to the Special Provisions).

b. Appraisals with mold damage greater than 30.0 percent and such production will not be sold, enter the QA factor ".000" and explain in the "Narrative."

M. + **Uninsured Cause:** EXPLAIN IN THE NARRATIVE.

a. Hail and Fire exclusion NOT in effect.

(1) Enter NOT LESS than the insured's production guarantee per acre (in whole in-shell pounds) for the line (calculated by multiplying the elected coverage level percentage times the approved APH yield per acre shown on the APH form) for any "P" stage acreage.

**NOTE:** On preliminary inspections, advise the insured to keep the harvested production from any acreage damaged SOLELY by uninsured causes separate from other production.

(2) For acreage that is damaged PARTLY by uninsured causes, enter the APPRAISED UNINSURED loss of production per acre in whole in-shell pounds, for any such acreage.

b. Refer to the LAM when a Hail and Fire Exclusion is in effect and damage is from hail or fire.

c. Enter the result of adding uninsured cause appraisals to hail and fire exclusion appraisals.



J.-M<sub>2</sub>. MAKE NO ENTRY.

N. **Adjusted Production:** WHOLE in-shell pounds from column “I.”

O. **Production Not to Count:** Net production NOT to count in whole in-shell pounds, WHEN ACCEPTABLE RECORDS IDENTIFYING SUCH PRODUCTION ARE AVAILABLE, from harvested acreage which has been assessed an appraisal of not less than the guarantee per acre, or from other sources (e.g., other units or uninsured acreage).

THIS ENTRY MUST NEVER EXCEED PRODUCTION SHOWN ON THE SAME LINE.  
EXPLAIN ANY “PRODUCTION NOT TO COUNT” IN THE NARRATIVE.

P. **Production:** Result of subtracting the entry in Column “O” from column “N,” results in whole in-shell pounds.

Q<sub>1</sub>. **Value:** Refer to section 3D for additional QA instructions.

a. Production with 8.1 percent through 30.0 percent mold damage based on the net delivered weight and production with mold damage greater than 30.0 percent, based on the net delivered weight, that is **not and will not be** sold - MAKE NO ENTRY.

b. **Sold** production that contains mold damage greater than 30.0 percent based on the net delivered weight, enter the value per pound received, to two-decimal places.

Q<sub>2</sub>. **Mkt Price:**

a. Production with 8.1 percent through 30.0 percent mold damage based on the net delivered weight and production with mold damage greater than 30.0 percent, based on the net delivered weight, that is **not and will not be** sold - MAKE NO ENTRY.

b. **Sold** production that contains mold damage greater than 30.0 percent based on the net delivered weight, enter the maximum available price election per pound, to two-decimal places.

R. **Quality Factor:**

a. Production with 8.1 percent through 30.0 percent mold damage based on the net delivered weight, enter the QA factor from the Special Provisions for the percent of mold damage as determined by the DFA **or the insurance provider**.

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### EXAMPLE:

**Net** delivered weight of walnuts with 14.3 percent mold damage will have a QA factor of .800 (**refer to** Special Provisions).

- \*\*\* b. If **sold** production has mold damage greater than 30.0 percent based on the net delivered weight, calculate the QA factor as follows: “Q<sub>1</sub>” divided by “Q<sub>2</sub>,” results to three-decimal places.

**EXAMPLE:**

The value per pound received for harvested walnuts was \$.45 per lb. and the maximum available price election was \$.60 per lb. Then \$.45 per lb. divided by \$.60 per lb. equals a .750 QA factor.

- c. Production that is **not sold (and will not be sold) which** has mold damage greater than 30.0 percent based on the net delivered weight will have a QA factor of “.000.”

- S. **Production to Count:** Enter result from multiplying Column “P” times Column “R,” in WHOLE in-shell pounds.

**NOTE:** FOR ITEMS 22 - 24, WHEN SEPARATE LINE ENTRIES ARE MADE FOR VARYING SHARES, STAGES, APH YIELDS, PRICE ELECTIONS, TYPES, ETC., WITHIN THE UNIT, AND TOTALS NEED TO BE KEPT SEPARATE FOR CALCULATING INDEMNITIES, MAKE NO ENTRY AND FOLLOW INSURANCE PROVIDER’S INSTRUCTIONS; OTHERWISE, MAKE THE FOLLOWING ENTRIES.

22. **Section II Total:**

**PRELIMINARY:** MAKE NO ENTRY.

**FINAL:** Enter the total of Column “S,” in WHOLE in-shell pounds.

23. **Section I Total:**

**PRELIMINARY:** MAKE NO ENTRY

**FINAL:** Enter figure from Section I Column “O” total.

24. **Unit Total:**

**PRELIMINARY:** MAKE NO ENTRY.

\*\*\* **FINAL:** Total of 22 and 23 in WHOLE in-shell pounds.

25. **Adjuster’s Signature, Code #, and Date:** Signature of adjuster, code number, and date signed **after** the insured (or authorized representative) has signed. For an absentee insured, enter adjuster’s code number **ONLY**. The signature and date will be entered **AFTER** the absentee has signed and returned the Production Worksheet.

**NOTE:** Final indemnity inspections should be signed on bottom line.