

United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



Product  
Development  
Division

FCIC-25361 (04-1999)  
FCIC-25361-1 (08-1999)  
FCIC-25361-2 (02-2001)  
FCIC-25361-3 (11-2002)

# **NORTHERN POTATO LOSS ADJUSTMENT STANDARDS HANDBOOK**

**2003 and Succeeding Crop Years**



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

<b>FEDERAL CROP INSURANCE HANDBOOK</b>	<b>NUMBER:</b> 25361 (04-1999) 25361-1 (08-1999) 25361-2 (02-2001) 25361-3 (11-2002)
<b>SUBJECT:  NORTHERN POTATO LOSS ADJUSTMENT STANDARDS HANDBOOK  2003 AND SUCCEEDING CROP YEARS</b>	<b>DATE:</b> November 15, 2002
	<b>OPI:</b> Product Development Division
	<b>APPROVED:</b>  /s/ Jacqueline Blanks for Tim B. Witt  Deputy Administrator, Research and Development

**THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED LOSS ADJUSTMENT STANDARDS FOR THIS CROP FOR THE 2003 AND SUCCEEDING CROP YEARS. IN THE ABSENCE OF INDUSTRY-DEVELOPED, FCIC-APPROVED PROCEDURES FOR THIS CROP FOR 2003 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 highlighted. Three stars (\*\*\*) identify information that has been removed.

Changes for November 2002 Issuance (FCIC-25361-3):

Page 26, removed the **NOTE** following Section 7 E (2) pertaining to winter testing for certified seed potatoes.

**NORTHERN POTATO LOSS ADJUSTMENT STANDARDS HANDBOOK  
SUMMARY OF CHANGES/CONTROL CHART (Continued)**

Control Chart For: Northern Potato Loss Adjustment Standards Handbook						
	SC Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive Number
Remove:	1-2		25-26		02-2001	FCIC-25361-2
Insert:	1-2		25-26		11-2002	FCIC-25361-3
Current Index:	1-2	1-2 3-4	1-4 5-6 7-12 13-14 15-16 17-18 19-22 23-24 25-26 27-28 29-30 31-32 33-34 35-36 37-38 39-52.2	53-59	11-2002 08-1999 04-1999 08-1999 02-2001 04-1999 08-1999 02-2001 04-1999 02-2001 11-2002 02-2001 04-1999 08-1999 04-1999 02-2001 04-1999 02-2001 04-1999	FCIC-25361-3 FCIC-25361-1 FCIC-25361 FCIC-25361-1 FCIC-25361-2 FCIC-25361 FCIC-25361-1 FCIC-25361-2 FCIC-25361 FCIC-25361-2 FCIC-25361-3 FCIC-25361-2 FCIC-25361 FCIC-25361-1 FCIC-25361 FCIC-25361-2 FCIC-25361 FCIC-25361-2 FCIC-25361

- (i) The combined weight of sampled potatoes that grade U.S. No. 2 (U.S. No. 1 if available in the county and elected by the insured) or better and potatoes that are damaged by freeze will be divided by the total sample weight; and

**EXAMPLE:**

50 lbs. is the total weight.

The combined weight of potatoes with freeze damage and potatoes grading U.S. No. 2 or better is 25 lbs.  $\div$  50 lbs. = the percent of damage to be used in (ii) below.

- (ii) The percent determined in (i) above will be divided by the historical percentage factor determined in accordance with the Special Provisions.

**NOTE:** This factor (not to exceed 1.000) multiplied by the applicable adjustment factor from the Freeze Damage Table (**TABLE F**) will be the Combination Adjustment Factor applied to the damaged production.

**EXAMPLE:**

If the percentage of potatoes with freeze damage and potatoes grading U.S. No. 2 or better (as determined in the example above) is 50 percent, and the historical factor is 70 percent, the adjustment factor under the quality endorsement would be  $50 \div 70 = .714$ . If the freeze damage factor is .900, the Combination Adjustment Factor would be .643 (.714 x .900).

- 3 For harvested production discarded within 21 days of the end of the insurance period (60 days if the Storage Coverage Endorsement is applicable) and appraised unharvested production that could not have been sold, the production to count will be zero. If such production could have been sold, the adjustment factor will be determined by dividing the price that could have been received for the damaged production in the local market by the highest price election available.

- (b) Production grading less than U.S. No. 2 (U.S. No. 1, if available in the county and elected by the insured) for reasons other than those indicated in subsection 2 (a) above (e.g., external defects, size, shape), will be adjusted using the historical percentage factor as indicated in subsection (2) (a) 2 (i) and (ii).

**NOTE:** Potatoes harvested or appraised prior to full maturity that do not grade U.S. No. 2 (U.S. No. 1, if available in the county and elected by the insured) due solely to size will be considered to have met U.S. No. 2 (U.S. No. 1, if applicable) standards unless the potatoes are damaged by an insurable cause of loss and leaving the crop in the field would either reduce production or decrease quality.

**E. ADJUSTING POTATOES INSURED UNDER THE CERTIFIED SEED ENDORSEMENT**

- (1) Pre-appraisal Preparation. Upon receipt of the notice of loss but before proceeding to adjust the loss, contact the insured to determine that they have the current seed inspection records (from the "Certified Seed" inspector). Also determine that aerial photos are available.

- (2) The insured must notify the insurance provider of any loss under this endorsement not later than 14 days after the insured received notice from the state certification agency that any acreage or production failed certification.

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(3) Verifications:

- (a) Verify at least 3 years of certified seed production by the insured. The insured must provide acceptable records of certified seed potato acreage and production for the previous 3 years unless a written agreement provides otherwise. These records must clearly indicate the number of the insured's acres entered into the potato seed certification program administered by the state in which the seed is grown.
- (b) Verify that the certified seed acreage insured is NOT greater than 125 percent of the average number of acres entered into and passing certification in the potato certified seed program in the three previous calendar years unless a written agreement provides otherwise. If the insured enters more than this number of acres into the certification program, the insured's certified seed production guarantee for the current crop year will be reduced as follows:
- 1 Multiply the average number of the insured's acres entered into and passing certification in the potato certified seed program the 3 previous calendar years by 1.25 and dividing the result by the number of acres grown by the insured for certified seed in the current crop year; and
- 2 Multiply the result of subsection 1 above, (not to exceed 1.0) by the production guarantee for certified seed for the current crop year.

**EXAMPLE:**

3 year average acreage = 100.0 certified acres  
Current year acreage = 150.0 certified acres  
 $100.0 \text{ acres} \times 1.25 \text{ (factor)} = 125$   
 $125 \div 150 \text{ acres} = .833$   
400 hundredweight production guarantee for certified acres  
 $400 \times .833 = 333.2 \text{ hundredweight production guarantee}$

- (c) Verify the insured's compliance with field rotation requirements. Check seed production records.
- (d) Verify the insured's seed source (supplier) and the quantity relative to planted acreage. Check seed tags, "import" permits, or if the insured used their own seed, the previous year's certification records. Record such information on the Field Identification and Certification Record in subsection 6, herein.
- (e) Verify the insured's compliance with all applicable certification requirements.
- (f) Verify the unit structure.

Acreage covered under the terms of the Certified Seed Endorsement will have the same unit structure as provided under the Basic Provisions and the Northern Potato Crop Provisions.