

United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



Product  
Development  
Division

FCIC-25420 (02-1999)  
FCIC-25420-1 (7-2000)

# **SAFFLOWER 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: 25420 (02-1999) 25420-1 (07-2000)</b>
<b>SUBJECT:</b>  <b>SAFFLOWER LOSS ADJUSTMENT STANDARDS HANDBOOK 2000 AND SUCCEEDING CROP YEARS</b>	<b>DATE: July 19, 2000</b>	
	<b>OPI: Product Development Division</b>	
	<b>APPROVED:</b> <b>/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.

**Changes for the Crop Year 2000 (FCIC-25420-1) issued July 2000:**

- (1) Deleted references in section 9 to Regionally Constructed Price in the narrative and substituted Local Market Price. The Local Market Price is defined in the crop provisions.
- (2) Added text in section 9 concerning documentation of gleaning, when applicable.
- (3) Deleted text in section 9 that referenced the combination of using Reduction in Value (RIV) with pre-established discount factors (item R).

**SAFFLOWER LOSS ADJUSTMENT STANDARDS HANDBOOK**

**SUMMARY OF CHANGES/CONTROL CHART (con't)**

Control Chart For: Safflower Loss Adjustment Standards Handbook						
	SC Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive Number
Remove	1-2		3-4 27-28 33-34		02-1999 02-1999 02-1999	FCIC-25420 FCIC-25420 FCIC-25420
Insert	1-2		3-4 27-28 33-34		07-2000 07-2000 07-2000	FCIC-25420-1 FCIC-25420-1 FCIC-25420-1
Current Index	1-2	1-2	1-2 3-4 5-26 27-28 29-32 33-34 35-36	37-40	07-2000 02-1999 07-2000 02-1999 07-2000 02-1999 07-2000 02-1999	FCIC-25420-1 FCIC-25420 FCIC-25420-1 FCIC-25420 FCIC-25420-1 FCIC-25420 FCIC-25420-1 FCIC-25420

## **B. PROVISIONS NOT APPLICABLE TO CAT COVERAGE**

- (1) Optional units.
- (2) Written Agreements.
- (3) Hail and Fire Exclusion provisions (also not applicable to limited coverage).
- (4) High Risk Land Exclusion.
- (5) Replanting Payments.

## **C. UNIT DIVISION**

See the insurance contract for unit provisions. **NOTE:** Unless limited by the Crop or Special Provisions, a basic unit, as defined in the Basic Provisions, may be divided into optional units if, for each optional unit, all the conditions stated in the applicable provisions are met.

## **D. QUALITY ADJUSTMENT**

See the Safflower Crop Provisions and Special Provisions for the eligibility requirements for quality adjustment.

- (1) THE QUALITY ADJUSTMENT FACTOR CANNOT BE GREATER THAN 1.000 or less than zero (.000). Refer to the LAM regarding contract prices in regard to quality adjustment.
- (2) Production will be eligible for quality adjustment if such production:
  - (a) Has a test weight below 35 pounds per bushel;
  - (b) Has seed damage in excess of 25 percent;
  - (c) Has a musty, sour, or commercially objectionable foreign odor; or
  - (d) Contains substances or conditions that are identified by the Food and Drug Administration or other public health organizations of the United States as being injurious to human or animal health.
- (3) Document quality adjustment information as described in the instructions for the “Narrative” section of the claim form (section 9), or on a Special Report.
- (4) For additional quality adjustment definitions, instructions, qualifications, and testing requirements, refer to the LAM.
- (5) The adjuster must refer to the Special Provisions if production is eligible for quality adjustment as identified in the Safflower Crop Provisions and Special Provisions.

- (6) When due to insurable cause(s), use of quality adjustment for safflowers is handled by determining the appropriate discount factors, summing them together, if applicable, and subtracting from 1.000 to obtain the applicable Quality Adjustment Factor (percent of production to count). See the Special Provisions for chart discount factors, instructions for calculating non-chart discount factors, and other allowable discounts. Also refer to the LAM for examples and guidance in determining reduction in values (RIV's) to calculate non-chart discount factors.
- (7) Refer to the LAM for special instructions regarding mycotoxin infected grain.
- (8) If a local market cannot be found for the safflowers, refer to the Special Provisions and the LAM.
- (9) For safflowers for which RIV's apply and which can be conditioned/reconditioned, refer to the Special Provisions for instructions.

**NOTE:** Moisture adjustment is applied prior to any qualifying quality adjustment factors such as test weight, kernel damage, etc.

## **4. REPLANTING PAYMENT PROCEDURES**

### **A. GENERAL INFORMATION**

- (1) Replanting payments made on acreage replanted by a practice that was uninsurable as an original planting will require the deduction of the replanting payment for such acreage from the original unit liability. If the unit dollar loss (final claim) is less than the original unit liability minus such replant payment, the actual indemnity dollar amount will not be affected by the replanting payment. The premium will not be reduced.
- (2) No replanting payment will be made on acreage on which a prior replant payment has been made during the current crop year.

### **B. QUALIFICATIONS FOR REPLANT PAYMENT**

To qualify for replanting payment, the:

- (1) insured crop must be damaged by an insurable cause;
- (2) insurance provider determines that it is practical to replant;
- (3) acres must have been planted on or after the earliest planting date established by the Special Provisions;
- (4) appraisal (or appraisal plus any appraisals for uninsured causes of loss) must be less than 90 percent of the production guarantee for the acreage.

- d. If there is an appraisal in Section I, item M for uninsured causes due to a hail/fire exclusion, show the original hail/fire liability per acre and the hail/fire indemnity per acre.
- e. Document the actual appraisal date if an appraisal was performed prior to the adjuster's signature date on the appraisal worksheet, and the date of the appraisal is not recorded on the appraisal worksheet.
- f. State that there is "No other fire insurance" when fire damages or destroys the insured crop and it is determined that the insured has no other fire insurance. Also refer to the LAM.
- g. Explain any errors found on the Summary of Coverage.
- h. Explain any commingled production. Refer to the LAM.
- i. Explain any entry for "Production Not to Count" in Section II, item "O," and/or any production not included in Section II, item I or item B - E entries (e.g., harvested production from uninsured acreage that can be identified separately from the insured acreage in the unit).
- j. Explain a "NO" checked in item 19.
- k. Attach a sketch map or aerial photograph to identify the total unit:
  - (1) If consent is or has been given to put part of the unit to another use or to replant;
  - (2) If acreage has been replanted to a practice uninsurable as an original practice;
  - (3) If uninsured causes are present; or
  - (4) For unusual or controversial cases.

**NOTE:** Indicate on the aerial photo or sketch map, the disposition of acreage destroyed or put to other use with or without consent.
- l. Explain any difference between date of inspection and signature dates. For an ABSENTEE insured, enter the date of the inspection AND the date of mailing the Production Worksheet for signature.
- m. When any other adjuster or supervisor accompanied the adjuster on the inspection, enter the code number of the other adjuster or supervisor and date of inspection.
- n. Explain the reason for a "No Indemnity Due" claim. "No Indemnity Due" claims are to be distributed in accordance with the insurance provider's instructions.
- o. Explain any delayed notices or delayed claims as instructed in the LAM.
- p. Document any authorized estimated acres shown in Section I, item C as follows: "Line 3 'E' acres authorized by insurance provider MM/DD/YYYY."
- q. Document the method and calculation used to determine acres for the unit. Refer to the LAM.
- r. Specify the type of insects or disease when the insured cause of damage or loss is listed as insects or disease. Explain why control measures did not work.

- s. Document the appraisal (plus appraisal for uninsured causes of loss, if applicable) for replanted acreage, and the calculations to show that the qualification for a replant payment have been met. See section 4.
- t. If any acreage to be replanted in the unit does not qualify for a replanting payment, enter Field No., “NOT QUAL FOR RP PAYMENT,” date of inspection, adjuster’s initials, and reason not qualified.
- u. Explain any “.000” QA factor entered in items L and R. Explain any deficiencies, substances, or conditions that are allowed for quality adjustment, as well as any which were not allowed. Also enter the RIV’s and local market price used in establishing the QA factor for mature appraised production. Document any excess transportation costs or conditioning costs used to determine the QA factor.
- v. Document field ID’s and date and method of destruction of mycotoxin-infested safflower if it has no market value. For further documentation instructions, refer to the LAM.
- w. Document any other pertinent information, including any data to support any factors used to calculate the production. If on an attachment, enter “See attachment.”
- x. Document the name and address of the charitable organization when gleaned acreage is applicable. Refer to the LAM for more information on gleaning.

## SECTION II - HARVESTED PRODUCTION

### GENERAL INFORMATION:

- (1) Account for ALL HARVESTED PRODUCTION (for ALL ENTITIES sharing in the crop) except production appraised BEFORE harvest and shown in Section I because the quantity cannot be determined later (e.g., high moisture grain going into air-tight storage, released for other uses, etc.).
- (2) Columns “B” through “E” are for structure measurements entries (Rectangular, Round, Square, **Conical Pile**, etc.). If structures are a combination of shapes, break into a series of average measurements, if possible. Enter “Odd Shape” if production is stored in an odd shaped structure. Document measurements on a Special Report or other FCIC-approved worksheet used for this purpose.
- (3) If farm-stored production has been weighed prior to storage and acceptable weight tickets are available showing gross weights, enter “Weighed and Stored On Farm” in columns “B” through “E.” See LAM for acceptable weight tickets.
- (4) For production commercially stored, sold, etc., make entries in items B through E as follows:
  - (a) Name and address of storage facility or buyer.
  - (b) “Seed,” “Fed,” etc.
- (5) There will be no “harvested production” entries for replant payments.



**NOTE:** Make no entry if only the depth for production to count has been entered in column D, and the depth for production not to count has been entered in the narrative. See example in the LAM.

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

Q<sub>1</sub>. **Value:** When applicable, enter the Reduction in Value. RIV must be limited to amounts that are usual, customary, and reasonable. (Refer to the Special Provisions and the LAM for further instructions).

**NOTE:** DO NOT make an entry when the Quality Adjustment factor can be obtained from the charts in the Special Provisions.

Q<sub>2</sub>. **Market Price:** If an entry is in item Q<sub>1</sub>, enter the Local Market Price for safflowers (refer to the crop provisions). Refer to the LAM for further instructions.

**NOTE:** DO NOT make an entry when the Quality Adjustment factor can be obtained from the charts in the Special Provisions.

R. **Quality Factor:** For production eligible for quality adjustment, enter the 3-digit quality adjustment factor determined by subtracting the result of Q<sub>1</sub> divided by Q<sub>2</sub> from 1.000, **or 1.000 minus the discount factor(s) obtained from the Special Provisions.**

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S. **Production to Count:** Enter result from multiplying Column “P” times Column “R” **in whole 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 THE INSURANCE PROVIDER’S INSTRUCTIONS; OTHERWISE, MAKE THE FOLLOWING ENTRIES.

22. **Section II Total:**

**PRELIMINARY AND REPLANT:** MAKE NO ENTRY.

**FINAL:** Total of Column “S,” to whole pounds.

23. **Section I Total:**

**PRELIMINARY AND REPLANT:** MAKE NO ENTRY.

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

24. **Unit Total:**

**PRELIMINARY AND REPLANT:** MAKE NO ENTRY.

**FINAL:** Total of 22 and 23, to whole pounds.

25. **Adjuster's Signature, Code #, and Date:** Signature of adjuster, code number, and date signed **after** the insured (or insured's 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 and final replant payment inspections should be signed on bottom line.

26. **Insured's Signature and Date:** Insured's (or insured's authorized representative's) signature and date. **BEFORE** obtaining insured's signature, **REVIEW ALL ENTRIES** on the Production Worksheet **WITH THE INSURED**, particularly explaining codes, etc., that may not be readily understood.

**NOTE:** Final indemnity inspections and final replant payment inspections should be signed on bottom line.

27. **Page Numbers:**

**PRELIMINARY:** Page numbers - "1," "2," etc., at the time of inspection.

**REPLANT AND FINAL:** Page numbers - (Example: Page 1 of 1, Page 1 of 2, Page 2 of 2, etc.).