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CULTIVATED CLAM PILOT LOSS ADJUSTMENT STANDARDS HANDBOOK

2000 and Succeeding Crop Years

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

FEDERAL CROP INSURANCE HANDBOOK	**NUMBER: FCIC-25800 (02-2000)** **FCIC-25800 -1(10-2000)**
SUBJECT: **CULTIVATED CLAM PILOT LOSS ADJUSTMENT STANDARDS HANDBOOK 2000 AND SUCCEEDING CROP YEARS**	**DATE: October 16, 2000**
	OPI: Product Development Division
	APPROVED: **/s/ Kenneth D. Ackerman** Deputy Administrator, Research and Development

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.

Inserts:

A.   Section 4. B. (1) (c), added a mimimum sampling requirement per seeding quarter.

B.   Section 4. B. (2) , clarified the sampling requirements for multiple practices in Florida and South Carolina.

C.   Section 5. B. (2) (b), corrected the reference to item 22 to "21."

D.   Section 5. B. (3) (b) <u>2</u> <u>c</u>, corrected the reference to item 19 to "18" and item 21 to "20."

E.   Section 5. B. (2), corrected the reference to item 22 to "21" and item 21 to "20."

F.   Section 5. C. (4) (a), added an "or" to indicate a choice of methods.

G.   Section II, added instructions to complete the production worksheet when a basic CAT policy has multiple practices.

H.   24., Moved b. to c. and added a new section b. that explains how to fill out columns A. through F. for a basic CAT unit with two practices.

I.   25., Added reference for added instructions to complete this entry.

J.   26b., Added instructions about the form to use to document this type of loss.

Control Chart For: Cultivated Clam Pilot Loss Adjustment Standards Handbook						
	SC Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive Number
Remove	1-2		3-4 5-6 17-18		2-2000 2-2000 2-2000	FCIC-25800 FCIC-25800 FCIC-25800
Insert	1-2		3-4 5-6 17-18		10-2000 10-2000 10-2000	FCIC-25800-1 FCIC-25800-1 FCIC-25800-1
Current Index	1-2	1-2	1-2, 3-4, 5-6, 7-16, 17-18, 19-21		10-2000 2-2000 10-2000 10-2000 2-2000 10-2000 2-2000	FCIC-25800-1 FCIC-25800 FCIC-25800-1 FCIC-25800-1 FCIC-25800 FCIC-25800-1 FCIC-25800

(1) Florida and South Carolina--Due to the frequency of seeding dates and favorable environmental conditions for relatively rapid growth, group seeding dates by calendar quarter and sample clams by calendar quarter.

    (a) For example, ask the grower for December through February seedings and sample from this subgroup. The March through May seedings would form another subgroup.

    (b) Map the seedings. The quarterly seedings may or may not be in one area of the lease.

    (c) Sample 3 percent of the total number of bags in the lease area. Sample proportionally from each of the seeding quarters. If any clams have been seeded during a quarter, sample at least one bag per seeding quarter.

(2) Florida and South Carolina--For units with multiple practices, sample 3 percent of the bags for each of the various bagged culture practices for each seeding quarter. For bottom culture practices (includes round pens), use the sampling procedure for Virginia and Massachusetts, except instructions to sample by type, as outlined in (3) below.

EXAMPLE:

No. of Bags 082	No. of Bags 083	Seeding Quarter	3 Percent of Quarter/ Practice	3 Percent of Quarter/ Practice	No. of Samples/ Quarter/ Practice 082	No. of Samples/ Quarter/ Practice 083
20	20	Q1	3 % of 20 = 0.60	3 % of 20 = 0.60	1	1
125	125	Q2	3 % of 125 = 3.75	3 % of 125 = 3.75	4	4
0	0	Q3	0	0	0	0
350	350	Q4	3 % of 350 = 10.50	3 % of 350 = 10.50	11	11
Total Number of Bags 990						

(3) Virginia and Massachusetts--Sample by type. Sample until 100 live clams have been collected in an individual clam bed. Sample ten beds. If the grower has less than ten beds, sample all of the beds.

Randomly select, from the schematic, seeded beds of Age I clams and seeded beds of Age II clams to measure. Select the number of seeded plots to sample by type based on the proportion of a particular type's area to total area.

EXAMPLE:

A grower has ten 14 x 100 beds of Age I clams and thirty 14 x 100 beds of Age II clams. Age I clams constitute 140,000 square feet of area (10 x 14 x 100) and Age II clams constitute 420,000 square feet of area (30 x 14 x 100). Age I clams comprise 25 percent of the total area (140,000 divided by 560,000) and Age II clams comprise 75 percent of the total area. Of the 10 total beds sampled, 2 or 3 Age I beds should be sampled and 7 or 8 Age II beds should be sampled.

C. UNIT VALUE BEFORE LOSS

The clam crop provisions require that the insured submit an inventory value report of all growing locations, age values and shares. At the insurance providers' option, documentation may be required to support any part of the report. For Catastrophic level coverage only, the insured must report the previous year's clam sales on the clam inventory value report.

For loss adjustment, the value of the inventory value report is updated to the day before the loss occurred. Document on a Special Report form the initial number of clams seeded, sold and reseeded. The number of clams sold are deducted from the inventory. Ages and age values of growing clams are updated.

The survival factor from the actuarial documents or the insured's records (if the insured has two consecutive years) is applied to inventory that is initially seeded and to inventory that has been restocked or added since the initial inventory value report. If the survival factor has been applied to initially seeded inventory and that inventory updates to a new age group before the loss occurs, transfer the survival-adjusted inventory to the new age group.

D. BASIC UNIT VALUE BEFORE LOSS

If optional units are applicable, this is the sum of the optional unit values before loss.

E. UNIT VALUE AFTER LOSS

The clam policy defines the unit value after loss as the value of the insurable clams in each basic or optional unit based on the prices contained in the actuarial materials, following the occurrence of a loss as determined by our appraisal plus any reduction in value due to uninsured causes.

5. APPRAISAL METHODS

A. GENERAL INFORMATION

These instructions provide information on the method for appraising the unit value after loss for bottom culture and bagged culture practices. Establish the standing stock of live clams according to the practice.

B. BOTTOM CULTURE

(1) Determine the distribution of Age I and Age II clams in the plots at the field site.

  (a) Have the grower provide a schematic diagram of the site, including the length and width of each growing area and the date the clams were seeded; or

  (b) Interview the grower on-site and identify the growing areas with Age I seedings and growing areas with Age II or more seedings. Generate a diagram from this interview.

(2)   Determine the overall area in square feet that has been seeded to each age group.

    (a)   Based on the schematic diagram provided by the grower, calculate the surface area of growing areas that have been seeded with each of the two ages groups or types of clams.

        1   If the growing areas are all similar, count the number of growing areas that have been seeded and measure the surface area of one growing area. Calculate the total surface area seeded, or

        2   If each growing area is different, measure the surface area that has been seeded in each and calculate the total area.

    (b)   Enter the total surface area in item 21 of the appraisal worksheet.

(3)   Measure the density of clams in each of the plots.

    (a)   At each of the seeded plots, randomly select and mark three points within the bed for measuring the density. Do not sample at the edges of the bed.

    (b)   With permission of the grower either lift the netting to permit access or cut an "X" through the anti-predator netting at a spot of sufficient size to sample the bed. Two methods to sample the bed are:

        1   PVC Pipe

            a   Insert the core into the sediment to a depth of six inches at the marked site and extract a sample of the substrate and clams.

            b   Convert the pipe diameter to square feet by the following formula and enter the factor, rounded to the nearest thousandth, in item 20 of the appraisal worksheet. Show the calculation of the factor in the remarks section and note the size of the PVC pipe used.

            c $144 \div (3.14 * r^2)$ where r = pipe radius

               EXAMPLE: 12 inch diameter pipe
                       $144 \div (3.14 * 6^2) = 1.274$

        2   Rake Widths Across the Bed

            a   For a particular clam bed, rake across the width of the bed.

            b   Rake across the bed in three different locations.

XX	XX	XX
XX	XX	XX
XX	XX	XX
XX	XX	XX
XX	XX	XX
XX	XX	XX

    c   If this sampling procedure is used, enter the total number of square feet in the three sample areas in item 18 of the appraisal worksheet. Enter 1.00 in item 20.

(c)   Sort the sample through a one-quarter inch mesh sieve and count all of the live clams. Live clams are relatively heavy and their hinges are closed.

(d)   Return live clams to the substrate.

(e)   Close the cut in the netting--dental floss in a tapestry needle can be used to stitch the netting back together.

(f)   Repeat sampling at the three points randomly selected within the plot, add extra samples if necessary to obtain a total of at least 100 live clams.

C. BAGGED CULTURE

(1)   Determine the distribution of bags by seeding quarter. Mark their locations on the map of the lease area.

(2)   Count the total number of bags in each seeding quarter and enter in item 21 of the appraisal worksheet. Enter 1.00 in item 20 of the appraisal worksheet.

(3)   Randomly select bags to sample within each seeding quarter. See section 4B for sampling requirements.

(4)   The number of live clams per bag may be assessed by:

(a)   Counting; or

(b)   Volumetric Sampling

    1   Sort the live clams from the dead clams. Live clams are relatively heavy and their hinges are closed.

    2   Determine the total number of live clams in a graduated cylinder's measured volume by counting the number of live clams in a small subsample whose volume already has been measured.

optional units are applicable, use one column for each optional unit and enter its unit number, e.g., 00101, etc., and use additional pages if the basic unit has more than six optional units. If optional units are NOT applicable, use the left hand column, "A. Unit No." to calculate the loss. For "CAT" policies with two practices, use one column for each practice completing the requested information through item 28. Add the entries in column A and B to obtain basic unit totals and enter the resulting sums on the appropriate line of column G. Complete column G in the normal manner to document the basic unit loss. (The occurrence deductible must be calculated from the sum of both practices.)

19. **Inspection Number:** If the inspection is due to a notice of damage, enter the number of the inspection, (e.g., 1), otherwise leave blank.

20. **Reported Basic Unit Value:** Sum the Basic Unit Amount of Insurance (item 17a) plus the Basic Unit Crop Year Deductible (item 18a). Sum the Clam Inventory Value Report and any Revised Clam Inventory Value Reports in effect for the basic unit on the date the damage occurs.

21. **Sum of Previous Losses:** The sum of all previous basic unit losses (the difference between the Unit Value Before Loss and the Unit Value After Loss, adjusted by the applicable Under Reporting Factor). It is the Basic Unit Previous Indemnity (item 17b) plus the Basic Unit Previous Occurrence Deductible (item 18b).

22. **Basic Unit Value Before Loss:** Sum all Unit Values Before Loss (item 25) for each Basic Unit. For CAT and for policies without optional units, the Unit Value Before Loss and the Basic Unit Value Before Loss are the same.

23. **Under Reporting Factor:** The lesser of a) 1.000, or b) ((the Reported Basic Unit Value (item 20) minus Sum of the Previous Losses (item 21)) divided by the Basic Unit Value (item 22)), rounded to three decimal places (e.g., .775).

24. **Damage Similar to Other Lease Parcels:** Check the appropriate box, "Yes" or "No." Check "Yes" if amount and cause of damage due to insurable causes is similar to the experience of other clam lease parcels in the area. If "No" is checked, explain in the narrative.

24. **Columns A. Through F.:** In the spaces provided, enter:

     a.   For a BASIC UNIT WITHOUT OPTIONAL UNITS, the five-digit unit number (e.g., 00100).

     b.   For a basic "CAT" unit when two practices are applicable, enter the five-digit unit number and the appropriate PRACTICE code in columns 24A and 24B.

     c.   For a BASIC UNIT WITH OPTIONAL UNITS, the five-digit unit number (e.g., 00101) in column 24A. Complete column B through F for each additional optional unit, continuing on to additional worksheet pages, columns A. through F. as necessary.

     NOTE: Due to the nature of the occurrence deductible and its effect on the indemnity calculation, the order of optional units listed in columns A. through F. must be entered and calculated from the lowest optional unit number to the highest (e.g., 00101 followed by 00102, etc), until all optional units are calculated.

25. **Unit Value Before Loss:** Enter the appraised BEFORE LOSS inventory whole-dollar value for this notice of loss. Refer to Section 4C on page 4.

26a. **Unit Value After Loss - ins. cause:** Enter the appraised AFTER LOSS inventory whole-dollar value for this notice of loss. Transfer the amount in item 25 of the appraisal worksheet.

26b. **Unit Value After Loss - unins. cause:** Uninsured cause of loss appraisals NOT INCLUDED in the appraisal worksheet, in whole dollars. Document on a Special Report or the Remarks Section of the Appraisal Worksheet.

26c. **Unit Value After Loss (TOTAL):** Sum of item 26a and item 26b, in whole dollars.

27. **Unadjusted Loss:** (item 25) Unit Value Before Loss, as defined in the policy, minus item 26c, Unit Value After Loss (TOTAL) in whole dollars.

28. **Adjusted for Under Reporting Factor:** Item 27, Unadjusted Loss, times item 23, Under Reporting Factor.

29. **Occurrence Deductible:**
   a. For a basic unit or the first optional unit, enter in whole dollars, the LESSER OF:

   (1) The calculated Occurrence Deductible (Unit Value Before the Loss (item 25) times (100 minus Coverage Level percent) times the Under Reporting Factor (item 23) for the unit); or

   (2) The Effective Crop Year Deductible (item 18c); or

   (3) The Adjusted Loss (item 28).

   b. For additional optional units with losses, enter in whole dollars, the LESSER OF:

   (1) The calculated Occurrence Deductible (Unit Value Before the Loss (item 25) times (100 minus Coverage Level percent) times the Under Reporting Factor (item 23) for the unit); or

   (2) The CYD Remaining (item 31 of the previous optional unit); or

   (3) The Adjusted Loss (item 28).

30. **Unadjusted Indemnity:** Adjusted Loss (item 28) minus Occurrence Deductible (item 29).

31. **CYD Remaining:**
   a. For a basic unit or first optional unit within a basic unit, subtract the calculated Occurrence Deductible (item 29) from the Effective Crop Year Deductible (item 18c) and record in whole dollars.

   b. For additional optional units, subtract the calculated Occurrence Deductible (item 29) from the CYD Remaining (item 31 of the previous optional unit), and record in whole dollars.

   c. The CYD Remaining must be equal to or greater than zero.