



United States Department of Agriculture
Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-02-017

TO: All Reinsured Companies
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Ross J. Davidson, Jr. /s/ Ross J. Davidson, Jr. 08/20/02
Administrator

SUBJECT: Claims Advisory – Dockage

BACKGROUND:

The Risk Management Agency has received reports regarding high percentages of dockage (as defined by the applicable grading standard) in this year's small grain, grain sorghum, and dry bean crops due to drought and other extreme weather conditions. In addition to excess weed seed in harvested production, drought conditions may also increase broken and cracked kernels that may be classified as dockage under the grading standards. The Small Grains Crop Provisions, Coarse Grains Crop Provisions and Dry Bean Crop Provisions state, "Any production harvested from plants growing in the insured crop may be counted as production of the insured crop on a weight basis."

Dockage can result from improper harvest of the crop, not following good farming practices due to improper applications of weed control, etc., or because dockage percentages (as defined by the applicable grading standard) shown on settlement sheets may include costs not associated with the reduction of the production actually purchased.

Excess dockage can also be the result of an insured peril causing weed or insect control measures to be ineffective. Additionally, drought can cause grain to be more likely to crack and shatter when harvested. Therefore, the above crop provisions state that production "may be counted" instead of "will be counted."



1400 Independence Ave., SW \$ Stop 0801\$ Washington, DC 20250-0805

The Risk Management Agency Administers and Oversees
All Programs Authorized Under the Federal Crop Insurance Corporation

An Equal Opportunity Employer

However, since Federal Crop Insurance Corporation-approved procedures state that only foreign material (FM) can be deducted from the gross production, questions have been asked regarding the proper adjustment of losses for the 2002 crop year.

ACTION:

For the 2002 crop year, in addition to percentage of FM, percentage of dockage (as defined by the applicable grading standard) may be deducted from production to count when it is determined the dockage is a result of an insured cause of loss that occurred during the insurance period and that the dockage was not the result of a failure to follow good farming practices. Dockage, as defined by the applicable grading standard for the crop, may include broken and cracked kernels. When dockage shown on a settlement sheet is a price discount and not a percentage, follow the instructions in paragraph 87 B(2) of the Loss Adjustment Manual (FCIC 25010).

Handling, drying, and/or processing charges or any other costs associated with harvesting and marketing of the production, are not covered by the Federal crop insurance policy. Excess moisture is a separate adjustment to production and cannot be considered when making adjustments for “dockage.”

Loss adjusters using this authorization must reference Bulletin No.: MGR-02-017 in the remarks section of the loss documents.

DISPOSAL DATE:

The disposal date of this Bulletin is March 31, 2003.