



United States  
Department of  
Agriculture

Risk  
Management  
Agency

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**BULLETIN NO.: MGR-05-017**

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

**FROM:** Ross J. Davidson, Jr. */s/James Callan for 9/15/05*  
Administrator

**SUBJECT:** Emergency Loss Procedures for Crops Damaged By Hurricane Katrina

**BACKGROUND:**

Hurricane Katrina caused catastrophic damage to crops in many counties in Alabama, Louisiana and Mississippi, and in Broward and Miami-Dade counties in Florida.

The Risk Management Agency (RMA) is evaluating ways to streamline certain loss determinations and accelerate the adjustment of losses and issuance of indemnity payments to crop insurance policyholders in the affected areas. RMA, working with its Approved Insurance Providers (AIPs), will be assessing whether there are additional crop-specific actions it can take to expedite the claims process and will issue subsequent bulletins as necessary. In the interim, RMA is authorizing the initial actions outlined herein.

**ACTION:**

RMA hereby authorizes the use of emergency loss adjustment procedures for Baldwin, Bibb, Choctaw, Clarke, Colbert, Fayette, Franklin, Greene, Hale, Jefferson, Lamar, Lauderdale, Lawrence, Marion, Mobile, Monroe, Marengo, Perry, Pickens, Sumter, Tuscaloosa, Walker, Washington, Wilcox, and Winston counties in Alabama, all counties in Louisiana and Mississippi and in Broward and Miami-Dade counties in Florida impacted by Hurricane Katrina. The application of the emergency procedures is limited to those situations where use of the regular loss adjustment procedures would result in unnecessary delays in processing claims. AIPs must place documentation in claim files noting the use of these procedures and stating the damage is so extensive that application of the existing Federal Crop Insurance Corporation (FCIC) issued loss adjustment procedures would cause unnecessary delays in processing claims. These emergency procedures generally do not significantly increase certain program vulnerabilities; however, the widespread damage associated with this hurricane and the need to accelerate the adjustment of losses and issuance of indemnity payments offsets any increased vulnerabilities.



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

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RMA is authorizing the following actions for all crops to increase the efficiency of making loss determinations:

(1) Due to the destruction of lines of communication and the limited ability to travel in the affected areas, many policyholders are unable to communicate with their agents to report losses. In lieu of requirements to report damage within 72 hours, RMA authorizes the AIPs to consider individual circumstances in accepting delayed Notices of Loss in accordance with the Loss Adjustment Manual (LAM) Standards Handbook. Delayed notices of loss or delayed claims because of the hurricane do not require completion of the special report required by the LAM. Document such in the Narrative of the Production Worksheet.

(2) AIPs may use reported acres certified on the Acreage Report as determined acres for claim purposes unless:

(a) Acceptable measured acres as defined in the LAM are readily available (e.g., acreage measured during a previous inspection, insured provides an acreage measurement record).

(b) Based on visual observations at the time of loss adjustment, it is determined the acreage appears unreasonable. If it appears unreasonable, the acreage must be determined according to LAM procedures.

NOTE: Current FCIC-issued loss adjustment procedures do not require the use of Farm Service Agency (FSA) documents, such as aerial photos, FSA-578, etc., to verify crop acreage or share.

(3) If the crop (other than nursery) is destroyed (no potential to mechanically harvest):

(a) On the entire unit:

(i) Complete the claim forms as appropriate based on the type of claim (Replant, Stage, or Final) and show no production to count.

(ii) An appraisal worksheet is not required.

(b) On part of the unit, field, or subfield:

(i) Estimate the acreage in the field or subfield based on the certified acreage from the acreage report (refer to number 2).

(ii) Complete the claim forms based on the type of claim (Replant, Stage, or Final) and show no production to count for the destroyed field or subfield.

(iii) An appraisal worksheet is not required.

- (4) If the crop (other than nursery) is not destroyed:
- (a) A minimum number of three representative samples per unit are required without regard to the size of acreage if the damage is consistent. If there are more than three fields or subfields within the unit and the damage is consistent, only one representative sample per field or subfield is required. AIPs must notate as such in the Production Worksheet narrative.
  - (b) Estimate the acreage in the field(s) or subfield(s) based on the certified acreage from the Acreage Report (refer to number 2).
  - (c) Record the harvested or appraised production on the applicable Appraisal or Production Worksheet.
- (5) For nursery:
- (a) AIPs may make payments without waiting for plant destruction Certification Forms if the loss adjuster certifies that the plants are non-salvageable. Once the loss adjuster determines the plants are non-salvageable, the AIP does not need a Certification Form. In accordance with paragraph 9B of the Nursery Loss Adjustment Standards Handbook (LASH), the loss adjuster shall use a “D” for plants completely destroyed or non-salvageable.
  - (b) For carryover insureds in Baldwin, Bibb, Choctaw, Clarke, Colbert, Fayette, Franklin, Greene, Hale, Jefferson, Lamar, Lauderdale, Lawrence, Marion, Mobile, Monroe, Marengo, Perry, Pickens, Sumter, Tuscaloosa, Walker, Washington, Wilcox, and Winston counties in Alabama, and all counties in Louisiana and Mississippi, in light of the impacted areas’ infrastructure conditions and impossibility to timely transact and conduct business, the date by which growers must submit Plant Inventory Value Reports (PIVRs) and two copies of their most current catalog is October 31, 2005. (If the carryover insured does not submit PIVRs and/or catalogs on or before October 31, 2005, insurance will not attach until 30 days after the AIP receives and accepts the PIVRs and catalogs.) Subsequent to submission of PIVRs and catalogs after September 30, 2005, and on or before October 31, 2005:
    - (i) Insurance will attach as of October 1, 2005;
    - (ii) The total of the basic unit values for the practice reported on the PIVRs for the 2006 crop year cannot exceed the practice value reported on the PIVR for the 2005 crop year for the same practice; and
    - (iii) Coverage levels cannot be increased over the level selected for the 2005 crop year if the PIVR and catalog are submitted after September 30, 2005.

- (c) For carryover insureds in Broward and Miami-Dade counties in Florida, the date by which growers must submit PIVRs and two copies of their most current catalog is September 30, 2005. However, to allow insureds additional time to determine the insurable value of their plants, they will be permitted to decrease the PIVRs until October 31, 2005, pending AIP approval.
  - (d) In all affected states and counties, the inventory value(s) reported on the PIVRs should reflect the insurable value of plants (damaged and undamaged) in the nursery. If the AIP has not completed loss adjustment, insurable prices for damaged plants that will fully recover may be based on the grower's estimated value to achieve timely submission of the PIVR. If the insured restocks after insurance attaches, the insured may revise the PIVR upward in accordance with section 6(g) of the Nursery Crop Insurance Provisions and section 13(D)(1) of the 2006 Nursery Underwriting Guide. AIPs may revise the PIVR downward after the sales closing date in order to reflect any decrease in values of plants damaged before acceptance of the application or before insurance attaches for carryover policies. If so, premium will be calculated on the lower PIVRs.
  - (e) Collateral damage to unaffected plants incurred while clearing debris or rehabilitating damaged plants is not an insurable cause of loss.
- (6) For cotton, the stalk inspection may be waived or combined with the final inspection.
  - (7) Termination for Indebtedness: In light of the impacted areas' infrastructure conditions and impossibility to timely transact and conduct business, RMA has determined that, for the purposes of determination of ineligibility and placement on the Ineligible Tracking System, any policyholder who has a policy with a September 30, 2005, cancellation and termination date and has not paid the premium or has not entered into a Written Payment Agreement with the AIP will be deemed to have entered into a Written Payment Agreement until November 15, 2005. Policyholders may make payment of the premium owed or sign an individual Written Payment Agreement acceptable to the AIP by November 15, 2005. If the AIP does not receive payment of the amount owed, or receive a signed Written Payment Agreement by November 15, 2005, termination for the 2006 crop year will be effective as of September 30, 2005. If the insured fails to satisfy the terms of the Written Payment Agreement, termination for the 2006 crop year will be effective as of September 30, 2005.

**DISPOSAL DATE:**

This Manager's Bulletin will expire on May 31, 2006.