

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

AMENDMENT NO. 24010-01 FEDERAL CROP INSURANCE CORPORATION DIRECTIVE	NUMBER: 24010
SUBJECT: AMENDMENTS TO THE CLASSIFICATION STANDARDS HANDBOOK	DATE: April 28, 1994
	OPI: Underwriting Division
	APPROVED: Assistant Manager, R&D

1 PURPOSE

To provide the Regional Service Offices (RSO) operating standards for rating flood prone land.

2 EXPLANATION OF CHANGES

Page

25 High Risk Land Rate Classification - Reinstate language as found in the 1993 Classification Standards Handbook to provide interim operating standards for rating flood prone land.

FILING INSTRUCTIONS

Remove Pages

25 dated December 1993
26 dated December 1993

Insert Pages

25 dated April 1994
26 dated April 1994

DISTRIBUTION

Assistant Managers, Directors, Washington, D. C. and Kansas City;
Regional Service, Direct Service, and Compliance Offices.

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5 HIGH RISK LAND RATE CLASSIFICATION

RSOs will rate flood prone-land based on the expected frequency and severity of loss. The rate that corresponds with a classification assignment on the FCI-33 Rate Map, will be listed on the FCI-35. More than one rated area can be used if the county has more than one river flowing through it or if crops are grown between the river and a levee.

A Rating for flood requires consideration of the crop, flood severity and frequency of occurrence. A premium rate based on these factors can be calculated for a area if a National Weather Service River Gauge Station is located in or near the county. Gauge readings should be obtained for the most recent 20-year period that data is available.

(1) Determining Flood Severity.

Develop a flood severity scale for each crop. Apply the scale whenever the river exceeds flood stage. This flood severity scale accounts for the time of the flood and the yield loss expected to result. Early season flooding causes delayed planting or replanting of the crop without severely limiting crop potential. Floods occurring near the final planting dates and later are often catastrophic.

The following scale is an example for one crop:

Month	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Weight	0	.10	.50	.75	1.00	1.00	1.00	1.00	0

(2) Determine the Flood Frequency.

Compile a list of each river's gauge reading that are above flood stage during the most recent 20-year period. Record the date, crest height and

duration of the flood.

- (3) Determine the Flood-risk Rate.
 - (a) Apply the appropriate weight for each time the river was above flood stage. The weight for any one year cannot exceed 1.00 since this denotes a total loss. Consider changes in farming practices and flood-control measures that occurred during the 20-year

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period and determine any impact on loss frequency as severity. Total the weights assigned and divide by 20. The result is the risk-rate for flood.

- (b) Add it to the rate for nonflood perils. Calculate the rate for nonflood perils by subtracting the flood-rate from 1.00 and multiply result by the county average rate. The flood-rate plus the rate for nonflood perils equals the rate for the flood-prone land. Submit this rate for publication on the FCI-35, County Coverage and Rate Table.
- (c) This system works well when flood-history data are available. When it is not available, the underwriter must utilize sources of information such as the SCS Soil Survey Report, Field Review during seasons of flooding and personal interviews within the county to evaluate the severity of the flood risk.

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