

United States
Department of
Agriculture



Federal Crop Insurance
Corporation



Product
Development
Division

FCIC-25320 (05-1999)
FCIC-25320-1 (08-1999)

PEANUT LOSS ADJUSTMENT STANDARDS HANDBOOK

1999 and Succeeding Crop Years

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

FEDERAL CROP INSURANCE HANDBOOK	NUMBER: 25320-1
SUBJECT: PEANUT LOSS ADJUSTMENT STANDARDS HANDBOOK 1999 AND SUCCEEDING CROP YEARS	DATE: August 2, 1999
	OPI: Product Development Division
	APPROVED: \S\ Tim B. Witt Deputy Administrator, Research and Development

THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED LOSS ADJUSTMENT STANDARDS FOR THIS CROP FOR THE 1999 AND SUCCEEDING CROP YEARS. IN THE ABSENCE OF INDUSTRY-DEVELOPED, FCIC-APPROVED PROCEDURE FOR THIS CROP FOR 1999 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 August 1999 issuance (FCIC-25320-1):

Revises:

(1) Appraisal Worksheet instructions:

Stand Reduction Method Example changed a divide sign to a times sign (“X”) between items 31 and 32 (page 17).

(2) Production Worksheet instructions:

- (a) Column B heading revised from Preliminary Acres to Prelim. Acres (page 24).
- (b) Column C Final Acres, added “or” to item c and a period at the end of the sentence of item d (page 24).
- (c) Narrative: revised item “i” (page 29) as follows: Explain any entry for “Production Not to Count” not included in Section II, item J, and/or any production not included in Section II, item G.
- (d) Date Harvested/Sale Completed, column 18 (page 32), items a, b, and c revised to correct entries.
- (e) Transfer of Right to Indemnity, column 21 (page 33), added the words “for the unit.”

NOTE: The redlining from the handbook issued in May was not removed.

PEANUT LOSS ADJUSTMENT STANDARDS HANDBOOK

SUMMARY OF CHANGES/CONTROL CHART (Continued)

Control Chart For: Peanut Loss Adjustment Standards Handbook						
	SC Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive No.
Remove	1-2		17-18 23-24 29-34		05-1999 05-1999 05-1999	FCIC-25320 FCIC-25320 FCIC-25320
Insert	1-2		17-18 23-24 29-34		08-1999 08-1999 08-1999	FCIC-25320-1 FCIC-25020-1 FCIC-25020-1
Current Index	1-2	1-2	1-16 17-18 19-22 23-24 25-28 29-34 35-40	41-45	08-1999 05-1999 08-1999 05-1999 08-1999 05-1999 08-1999 05-1999 05-1999	FCIC-25320-1 FCIC-25320 FCIC-25320-1 FCIC-25320 FCIC-25320-1 FCIC-25320 FCIC-25320-1 FCIC-25320 FCIC-25320

STAND REDUCTION METHOD EXAMPLE

Company Any Company

Claim No. XXXXXXXX

For Illustration Purposes ONLY APPRAISAL WORKSHEET PEANUTS	1 Insured's Name I. M. Insured	2 Policy Number XXXXXXX	3 Unit No. 00100	4 Crop Year YYYY
	5 Field ID 2	6 Farm Serial No. A345	7 Stage of Growth Before Podding	8 Acres 9.8

PART I - SAMPLE DETERMINATIONS

SAMPLE NUMBER	STAND REDUCTION METHOD				PLANT COUNT
	10 Number of Rows	11 Length of Each Row (in feet, to tenths)	12 Combined Length of Skips (in 100 ft. of Row)	13 Number of Skips	14 Number of Plants
1	3	33.3	92.3	6	
2	2	50.0	84.1	7	
3	1	100.0	87.5	7	
4					
5					
6					
7					
8					
9					
10					
15 TOTAL			263.9		

PART II - STAND REDUCTION METHOD COMPUTATIONS

16 Total Combined Length of Skips 263.9	17 Number of Samples ÷ 3	18 Average Skip Length = 100 - 88.0	19 % Stand Remaining = 12.0	20 % Potential Production Remaining .15	21 100% Yield Per Acre X 2,150	22 Pounds Per Acre = 323 226
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STAND REDUCTION CHART (Round % Stand Remaining to nearest five percent.)

% Stand Remaining	100	95	90	85	80	75	70	65	60	55	50	45	40	35	30	25	20	15	10	5
% Potential Production Remaining	100	98	95	93	91	88	85	82	80	76	72	68	64	58	51	44	35	25	15	5

PART III - PLANT AND POD COUNT COMPUTATIONS

23 Total Plants	24 No. of Samples	25 Average No. Plants Per Sample	26 Total Pods in Random Sample	27 No. Plants in Random Sample	28 Average No. Pods Per Plant	29 Average No. Plants Per Sample	30 Average No. Pods Per Sample
	÷	=		÷	=	X	=
31 Average No. Pods Per Sample	32 Factor		33 No. Pods Per Acre	34 No. Pods Per Pound	35 Pounds Per Acre		
	X	1000	=	÷	=		

36 Remarks

Stress Damage Modification - Approved by I. M. Supervisor on MM-DD-YYYY
Pounds Per Acre - 323 X (1.00 -.30) = 226 lbs.

Plants severely stressed from drought, potential production reduced 30%.
Stress percent was based on estimate by the USDA Extension Service.

37 Insured's Signature I. M. Insured	Date MM-DD-YYYY	38 Code No./Adjuster's Signature XXXXX I. M. Adjuster	Date MM-DD-YYYY
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- b. In all cases where the insured has LESS than a 100 percent share of a loss-affected unit, ask the insured if the OTHER person sharing in the unit has a multiple-peril contract (i.e., not crop-hail, fire, etc.). If the other person does not, enter “NONE.”
- (1) If the other person has a multiple-peril contract and it can be determined that the SAME insurance provider services it, enter the contract number. Handle these companion policies according to insurance provider instructions.
 - (2) If the other person has a multiple-peril contract and a DIFFERENT insurance provider or agent services it, enter the name of the insurance provider and/or agent (and contract number) if known.
 - (3) If unable to verify the existence of a companion contract, enter “Unknown” and contact the insurance provider for further instructions.

NOTE: See the LAM for further information regarding companion contracts.

SECTION I - ACREAGE APPRAISED, PRODUCTION AND ADJUSTMENTS

Make separate line entries for varying:

- (1) Rate classes, types, or farming practices;
- (2) APH yields;
- (3) Appraisals;
- (4) Adjustments to appraised mature production (quality adjustment factors);
- (5) Stages or intended use(s) of acreage;
- (6) Shares (e.g., 50 percent and 75 percent share on the same unit); or
- (7) Appraisal for damage due to hail or fire if Hail and Fire Exclusion is in effect.

Verify or make the following entries:

Item

No.

Information Required

- A. **Field ID:** The field identification symbol from a sketch map or an aerial photo. See the narrative. In the margin, (or in a separate column), enter the date of inspection for the last line entry of each inspection.

NOTE: Where acreage is PARTLY replanted, omit the field ID symbol for the fields that have not been replanted and that have been consolidated into a single line entry.

B. **Prelim. Acres:**

PRELIMINARY: The number of acres, to tenths, (include “E” if estimated), for which consent for other use has been given. Determine actual acreage, to tenths, when the boundaries of the appraised acreage may not be determined later.

REPLANT AND FINAL: MAKE NO ENTRY.

C. **Final Acres:** See the LAM for the definition of acceptable determined acres used herein.

Determined acres, to tenths (include “E” is estimated), for which consent is given for other use and/or:

- a. That is abandoned;
- b. Put to other use without prior consent;
- c. Damaged solely by uninsured causes; or
- d. For which the insured failed to provide acceptable production records.

REPLANT: Determine the total acres, to tenths, of replanted acreage (DO NOT ESTIMATE). Make a separate line entry for any PART of a field NOT replanted.

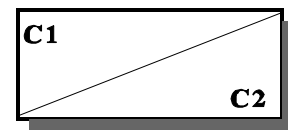
- a. Determine the planted acreage of any fields NOT replanted. Consolidate it into a single line entry UNLESS the usual reasons for separate line entries apply. Record the field identities (from a map or aerial photo) in the Narrative.
- b. ACCOUNT FOR ALL PLANTED ACREAGE IN THE UNIT.

FINAL: Determined acres to tenths.

NOTE: Acreage breakdowns WITHIN a unit may be estimated (enter “E” in front of the acres) if a determination is impractical AND if authorization was received from the insurance provider. Document authorization in the Narrative.

ACCOUNT FOR ALL ACREAGE IN THE UNIT. In the event of over-reported acres, handle in accordance with individual insurance provider’s instructions. In the event of under-reported acres, draw a diagonal line in Column “C” as shown.

- C₁ Enter the ACTUAL acres for the field or subfield.
- C₂ Enter the REPORTED acres for the field or subfield.



D. **Interest or Share:** Insured’s interest in the crop to three decimal places as determined at the time of inspection. If shares vary on the same UNIT, use separate line entries.

NARRATIVE:

If more space is needed, document on a Special Report, and enter “See Special Report.” Attach the Special Report to the T-P-C Production Worksheet.

- a. If no acreage is released on the unit, enter “No acreage released,” adjuster’s initials, and date.
- b. If notice of damage was given and “No Inspection” is necessary, enter the unit number(s), “No Inspection,” date, and adjuster’s initials. The insured’s signature is not required.
- c. Explain any uninsured causes, unusual, or controversial cases.
- 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 date 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 see the LAM.
- g. Explain any errors found on the Summary of Coverage.
- h. Explain any commingled production. See the LAM.
- i. Explain any entry for “Production Not to Count” in Section II, item J, and/or any production not included in Section II, item G.
- 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 aerial photo or sketch map the dispositions 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 TPC 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. See 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 replanting 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 zero (.000) QA factor entered in Section I (item K) or Section II (item I).
- v. Document field ID’s and date and method of destruction of mycotoxin-infested peanuts 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.

SECTION II - HARVESTED PRODUCTION

GENERAL INFORMATION:

- (1) Include **ALL HARVESTED PRODUCTION** for **ALL ENTITIES** sharing in the crop.
- (2) There will be no “harvested production” entries for replant payments.
- (3) There generally will be **no** “harvested production” entries in items A₁ through N for preliminary inspections.
- (4) If additional lines are necessary, the data may be entered on a continuation sheet.
- (5) Use separate lines for varying shares, types with varying values quality adjusted by varying price supports or the highest non-quota price election.

(6) Final Settlement of the Claim

- (a) The effective poundage marketing quota, if any, for each unit will be limited to the LESSER OF:

- 1 The amount of the effective poundage marketing quota reported on the acreage report;
- 2 The amount of the effective poundage marketing quota recorded at FSA; or
- 3 The amount determined at the final settlement of the claim.

NOTE: Reduce the determined effective poundage marketing quota for the unit **ONLY** if any of the effective poundage marketing quota was transferred to another FSA farm serial number prior to the end of the insurance period for the crop year. Refer to Production Worksheet example and Exhibit 2. Record calculation in the narrative. Retain, in the policyholder's claim file, hard copy FSA documentation of any transfer of the effective poundage marketing quota that affected a claim. Refer to Section II item F, for required effective poundage marketing quota entry for premium calculation.

- (b) Verify that the temporary seed allocation of quota pounds was added to the farm basic poundage quota (FSA 1001 form) and included on the insured's acreage report.

NOTE: Revise the acreage report to add the temporary seed allocation if it was not included on the acreage report. A crop inspection to increase liability is not required even if the unit is in a loss situation. However, if the reported effective marketing quota and/or the acreage for the unit was under-reported, a crop inspection for accepting additional liability as outlined in the LAM is required to increase the reported effective marketing quota and/or the acres.

- (c) If, on a gross unadjusted basis, Segregation I production and Segregation II and III peanuts eligible to be valued as quota (Segregation I) peanuts (e.g., production retained for "seed" or other use), does not satisfy the lesser of (6)(a), 1, 2, or 3 above, **ONLY** Segregation II or III peanuts that are needed to satisfy the lesser effective poundage marketing quota will be quality adjusted to the average support price per pound, by type.

NOTE: Quality adjust **ALL** Segregation I peanut production (and production retained for "seed" or other use) to the average support price per pound, by type, even if the effective poundage marketing quota for the unit has been satisfied.

- (d) Any Segregation II or III peanuts in excess of the lesser of (6)(a), 1, 2, or 3 above will be considered as non-quota (additional) peanuts and will be quality adjusted to the highest non-quota price election.

- (e) The net weight of a load on an FSA-1007 or FSA-1007 VC may require a two line entry when part of the production is adjusted to the highest non-quota price election.

NOTE: Document calculation results, for any of the items in (6) above, in the Narrative. Refer to T-P-C Production Worksheet example and Exhibit 2 for harvested production quality adjustment examples.

(7) Enter threshed unadjusted NET WEIGHT of production for a:

- (a) Catastrophic, Limited, or Additional basic unit containing multiple farm serial numbers:

- 1 Assemble each FSN marketing Smart Card printout* in order beginning with the lowest numbered FSN first, then working to the highest numbered FSN.
- 2 Enter (in Section II item G, the production from the FSA-1007, FSA-1007 VC, or other sales record) Segregation I and Segregation II or III peanuts eligible to be valued as quota (Seg. I) peanuts (e.g., retained for seed or other use) from ALL FSNs FIRST, followed by any other Segregation II or III peanuts from ALL FSNs in the order they are listed on the FSN marketing Smart Card printout*.

- (b) Limited or Additional optional unit containing a single farm serial number:

Enter (in Section II item G, the production from the FSA-1007, FSA-1007 VC, or other sales record) Segregation I and Segregation II or III peanuts eligible to be valued as quota (Seg I) peanuts (e.g., retained for seed or other use) FIRST, followed by any other Segregation II or III peanuts in the order they are listed on the FSN marketing Smart Card printout*.

*FSA Operator/Producer Poundage Sales Summary

Verify or make the following entries:

Item

No.

Information Required

18. **Date Harvest/Sale Complete:**

PRELIMINARY: MAKE NO ENTRY.

REPLANT AND FINAL:

- a. Enter the earlier of the date that one of the following events occurred on the ENTIRE acreage for the unit:

- (1) removal of the peanuts from the field(s);
 - (2) total destruction of the insured crop;
 - (3) put to other use with consent;
 - (4) a combination of destroyed, put to other use, or the removal of the peanuts from the field(s); or
 - (5) the calendar date for the end of the insurance period.
- b. If at the time of final inspection (if prior to the end of the insurance period), there is any unharvested insured acreage remaining on the unit that the insured does not intend to harvest; enter “**Incomplete.**”
 - c. If at the time of final inspection (if prior to the end of the insurance period), **none** of the insured acreage on the unit has been harvested, and the insured does not intend to harvest such acreage, enter “**No Harvest.**”
 - d. If the claim involves a Certification Form, enter the date from the Certification Form when the entire unit is put to another use, replanting is complete for the unit, etc. See the LAM.

19. **Similar Damage:**

PRELIMINARY: MAKE NO ENTRY.

REPLANT AND FINAL: Check “Yes” or “No.” Check “Yes” if amount and cause of damage due to insurable causes is similar to the experience of other farms in the area. If “No” is checked, explain in the narrative.

20. **Assignment of Indemnity:** Check “Yes” **only** if an assignment of indemnity is in effect for the crop year; otherwise, check “No.” Refer to the LAM.

21. **Transfer of Right to Indemnity:** Check “Yes” **only** if a transfer of right to indemnity is in effect for the unit for the crop year; otherwise, check “No.” Refer to the LAM.

A₁. **Share:** RECORD ONLY VARYING SHARES on the SAME unit to three decimal places.

A₂. **Field ID:** MAKE NO ENTRY.

B.-D. **PRODUCTION SOLD OR DELIVERED UNDER CONTRACT,** enter the identification number of the FSA-1007, FSA-1007 VC, or other acceptable sales record (if any) and name and address of buyer or receiver.

FARM STORED OR CONSUMED ON THE FARM, enter “Farm Stored,” “Farm Stored Seed,” or “Consumed” and identification of the FSA-1007, FSA-1007 VC or other record, (if any).

NOTE: If peanuts are farm stored and not graded and the insured does not intend to have peanuts graded, consider the peanuts as Segregation I peanuts and **NOT** eligible for quality adjustment.

- E. **Leaf Quality:** Record in Column “P” the Type, entered as a 3-digit code number exactly as specified on the actuarial documents, that identifies the type of peanuts entered in **Production** (Column G).
- F. **Quota (Q), Non-Quota (NQ), or Bale No.:** Enter the effective poundage marketing quota (if any) prior to any deductions for transfers to another FSN. If the reported quota is incorrect, enter the effective poundage marketing quota determined for the unit at the time of final settlement of claim. **NOTE:** Refer to Section II, General Information, item 6.
- a. For a Catastrophic, Limited, or Additional basic unit containing multiple farm serial numbers, total the effective poundage marketing quota for **ALL** the FSNs.
 - b. SUBTRACT (from the result of item a above) any effective poundage marketing quota proportionately allocated to any acreage:
 - (1) on which peanuts are grown using no-till or minimum-tillage farming methods unless allowed by the Special Provisions or written agreement;
 - (2) which does not meet the rotation requirement, if any, contained in the Special Provisions; or
 - (3) that does not meet insurability requirements.

NOTE: Allocate the effective poundage marketing quota proportionately in accordance with the number of acres insured and uninsured.
 - c. For a Limited or Additional optional unit, the effective poundage marketing quota is the quota for the FSN. Subtract any effective poundage marketing quota proportionately allocated to any uninsured peanut acreage as stated in item b above.
 - d. If the insured shares in any unit within a FSN, the effective poundage marketing quota will be that designated by the landlord for each unit, provided that it agrees with FSA, If not in agreement and cannot be resolved, handle as a controversial case. See the LAM.
- G. **Production:** The unadjusted net weight, in whole pounds, for the line from the FSA-1007, FSA-1007 VC, or other sales record which the adjuster determines to be accurate and satisfactory.
- H₁. **Value Per Pound:** Record the value per pound for graded production (rounded to three decimals) after determining the value per pound using the FSA-1007, FSA-1007 VC, or other sales record (if any) and the instructions below. Refer to General Information item (6).
- a. **For all Segregation I Peanuts**
 - (1) If the **Value Per Pound Including LSK** (item P) of the FSA-1007 or FSA-1007 VC is equal to or more than the average support price per pound for the type, enter a dash (-).