

MGR-20-028

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Date

September 3, 2020

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Martin R. Barbre, Administrator

Subject

Emergency Loss Procedures for Crops Flooded Above the Edible Portion as a result of Hurricane Hanna

Background

Excessive precipitation associated with Hurricane Hanna has caused flooding in Texas. A significant amount of unharvested cropland acres is flooded above the edible portion of the crop, resulting in production which is considered adulterated under the Federal Food, Drug, and Cosmetic Act and may be injurious to human or animal health.

The Risk Management Agency (RMA), in conjunction with Approved Insurance Providers (AIPs), recognizes the need for authorizing emergency procedures, which will streamline certain loss determinations and the destruction of adulterated production, accelerating loss adjustment and issuance of indemnity payments to crop insurance policyholders in impacted areas.

Action

RMA authorizes the use of these emergency procedures for all crops in Texas counties impacted by Hurricane Hanna.

Application of these emergency procedures is limited to those situations where the catastrophic nature of the losses due to flooding will result in unnecessary delays in processing claims if these emergency procedures are not authorized.

RMA is authorizing the following emergency procedures for AIPs to utilize, on a case-by-case basis, to assist impacted policyholders and increase the efficiency of the claims process. For all claims utilizing these emergency procedures, AIPs must:

(1) Submit all information with a simplified claim flag of “F” through the Policy Acceptance and Storage System (PASS) for applicable record types in Appendix III of the Standard Reinsurance Agreement (SRA); and

(2) Document in each claim folder that these emergency procedures were applied. Record in the Narrative of the Production Worksheet (PW): “Emergency procedures applied per MGR-20-028.”

(3) Follow procedures found in subparagraphs 1108 and 1102H(3) of the 2020 Loss Adjustment Manual (LAM) on Flooded Crops and Zero Market Value (ZMV) Production.

(4) During the on-the-farm inspection, AIPs may finalize claims based on policyholder’s signed certification that the production will be destroyed. This certification may be included in the Narrative of the PW or on a separate certification form. The policyholder must sign and date the certification statement stating:

“I acknowledge my crop has been exposed to flood waters and is considered adulterated in accordance with FDA guidelines and:

(i) All such production will be destroyed in accordance with any applicable method prescribed by State or Federal regulations, as soon as possible but no later than October 31, 2020, unless an extension has been granted by my AIP.

(ii) I understand that if any portion of my ZMV production is salvaged (sold, ginned, etc.), I will notify my AIP immediately, and that this will result in a corrected claim and will require repayment of any overpaid indemnity.

(iii) I understand that I am responsible for maintaining photographic evidence, with the date and location identified, to verify destruction of the production. I understand that I am required to maintain this evidence for three years from the date of destruction.”

NOTE: This procedure may be applied to flooded cotton modules in the field. However, the unsubmerged portions of cotton modules that have been exposed to flood or standing water may be salvageable. Therefore, AIPs should use caution in releasing any such cotton that may have portions of production ginned. Any cotton ginned from such modules will be considered production to count and any remaining cotton, either adulterated or unsalvageable, will not be considered production to count.

DISPOSAL DATE:

December 31, 2020