

MGR-17-013

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Date

September 1, 2017

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Heather Manzano Acting Administrator

Subject

Emergency Procedures for Crops Damaged by Hurricane Harvey

Background

Hurricane Harvey has caused catastrophic damage in many counties in Texas and Louisiana. The Risk Management Agency (RMA), in conjunction with Approved Insurance Providers (AIPs), recognize the need for authorizing emergency loss adjustment procedures that will streamline certain loss determinations on specific crops to accelerate the adjustment of losses and issuance of indemnity payments to crop insurance policyholders in impacted areas.

Many residents in impacted areas have lost their primary residences to storm damage and/or have been evacuated from their homes and the local infrastructure for normal day-to-day activities has and will continue to be disrupted for some time as recovery begins. Due to the destruction of communication lines and the limited ability to travel in the impacted areas, many policyholders are unable to communicate with their agents to report losses within the Common Crop Insurance Policy, Basic Provisions (17-BR) 72 hour requirement. Furthermore, many policyholders may be unable to timely respond to premium billing and payment for Federal reinsured policies. Section 24 of the Basic Provisions (17-BR) and the Special Provisions state that interest will accrue starting the first day of the month, following

issuance of the notice of premium due by the AIP, provided that a minimum of 30 days have passed from the premium billing date.

Action

RMA authorizes the use of these emergency procedures to apply to all Texas and Louisiana counties impacted by Hurricane Harvey.

Application of these emergency procedures is limited to those situations where the catastrophic nature of the losses due to insured perils is such that not authorizing these emergency loss procedures would result in unnecessary delays in processing claims. RMA is authorizing the following emergency procedures for AIPs to utilize, on a case-by-case basis, for all crops in counties impacted by Harvey to assist impacted policyholders and increase the efficiency of making loss determinations:

(1) In lieu of requirements to report damage within 72 hours, RMA authorizes AIPs to consider individual circumstances in accepting delayed notices of loss in accordance with the Loss Adjustment Manual (LAM) Standards Handbook (FCIC-25010). 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) For all claims utilizing these emergency loss adjustment procedures, AIPs must:

(a) Submit all information through the Policy Acceptance and Storage System (PASS) for Appendix III to the Standard Reinsurance Agreement (SRA) record types P-21 and P-22 with a simplified claim flag of "F." (b) Document in each claim folder that these emergency loss adjustment procedures were applied. Record in the narrative of the claim: "Emergency Loss Adjustment procedures applied per MGR-17-013."

(3) 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, precision farming records available, etc.). (b) The loss adjuster is able to make a visual observation at the time of loss adjustment and it is determined the reported acres certified on the acreage report appear unreasonable. In this case, the acreage must be determined according to LAM procedures. If the loss adjuster is unable to make a visual observation at the

time of loss adjustment and the acreage seems excessive compared to historically reported acreage, then use the acreage from past crop insurance measurements, precision farming records, previous acreage reports, Farm Service Agency (FSA) acreage reports, crop insurance claims, etc., to determine the acreage for the claim. Note: Current FCIC-issued loss adjustment procedures do not require the use of FSA documents, such as aerial photos, FSA-578, etc., to verify crop acreage or share.

(4) For crops (other than nursery or citrus fruit) destroyed or damaged to the extent they will never be harvested (e.g., unable to mechanically harvest, unable to gin, etc.), and destroyed harvested cotton modules still covered by Federal crop insurance (not yet moved from the field, or moved to a new location via MGR-17-011):

(a) On the entire unit:

(i) Complete the production worksheets, reflecting zero 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 (3) above). (ii) Complete the production worksheets, reflecting zero production to count for the destroyed/unharvestable field or subfield or modules that cannot be ginned. (iii) An appraisal worksheet is not required on the destroyed/unharvestable acreage.

(5) If the crop is not destroyed on the unit or part of the unit:

(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 (3) above). (c) Record the harvested or appraised production on the applicable appraisal or production worksheet.

(6) For cotton, if modules were delivered to the gin but not yet ginned and subsequently destroyed and no claim for indemnity is filed, production may be

reported for APH purposes using the production harvested from the unit based on weights of the modules delivered to the gin. If gin records are unavailable, production based on module measurements would also be acceptable for APH purposes. The Cotton Loss Adjustment Standards Handbook contains procedure for determining production based on module measurements.

(7) For crops resulting in a total uninsurable loss with no access to supporting production evidence (farm management records such as field harvest records, weight of production, bin or module measurements, etc.), AIPs may allow producers to elect to apply the UUF/3rd Party procedures in paragraph 1236 and Part 13 of the Crop Insurance Handbook (FCIC-18010-1) for APH purposes.

(8) AIPs are authorized to provide additional time for policyholders impacted by Hurricane Harvey to make payment of premium and administrative fees. Interest accrual on premium payments and administrative fees, as noted above, will be waived until the applicable termination date on policies with premium billing dates between August 1, 2017, and October 1, 2017. AIPs will begin to accrue interest as of the termination date for unpaid premium and administrative fees. All terms of ineligibility, including pre-termination notice, shall be followed.

(9) RMA will defer collection of premium and waive all associated interest from AIPs accordingly.

(10) RMA will monitor claims over \$200,000 and if the level of claims in excess of \$200,000 rises above 5% of all claims within the state, RMA will provide relief on the \$200,000 review requirement found in Appendix IV of the SRA.

RMA, working with AIPs, will issue additional emergency procedures as deemed necessary.

December 31, 2017