

## **August 10, 2020 Derecho**

### **Is the August 10 derecho an insurable cause of loss?**

Adverse weather conditions are an insurable cause of loss. Adverse weather includes events such as hail, frost, freeze, **wind**, drought, and excess moisture. Multi-Peril Crop Insurance covers damage to the crop in the field, not damage to farm infrastructure such as grain bins, irrigation equipment, livestock barns, etc.

### **What do I do if my crop was damaged due to the August 10 derecho?**

Producers should promptly notify their crop insurance agent to file a Notice of Loss (NOL) if they suspect damage or a loss in production due to wind or any other cause of loss. When a producer files a NOL, it allows Approved Insurance Providers (AIP) the opportunity to inspect and accurately appraise the production in order to timely settle any potential claims.

### **How long do I have to file a NOL?**

A NOL must be provided to the AIP within 72 hours of the **initial time of discovery** of damage or loss of production and confirmed in writing within 15 days. Under certain conditions, an AIP may accept a **delayed NOL**, when filing a timely NOL is not feasible.

### **Am I required to physically destroy unharvested production that has been settled based on appraised production and released by my AIP?**

No. There are no destruction requirements when claims are settled based on appraisals and released by the AIP. Destruction requirements are only applicable to production considered to have zero market value (ZMV).

Note: Producers with operations consisting of no-till production and that are currently enrolled in NRCS programs should consult with their local office to help determine the best method to remove excess vegetation.

## **How will the AIP determine whether an indemnity will be paid?**

AIPs will make this determination on a case-by-case basis.

If the AIP determines that field conditions will prevent producers from ever being able to mechanically harvest the crop, that production will not be counted and will be considered a full loss.

If the producer chooses to harvest, an indemnity may be paid on the amount that falls below the insurance guarantee.

The producer may agree to settle the claim based on appraised production rather than taking to harvest. However, if production is later harvested, the producer must accept the higher of harvested production or appraised production for claims purposes. This may require a revised claim and repayment of any overpaid indemnity.

## **Am I required to harvest my severely wind-damaged corn?**

No. Your policy does not require harvest for claims purposes. However, if acreage is not harvested, claims will be settled based on appraised production. If the AIP cannot conduct an accurate appraisal, AIPs have the option to authorize the use of Representative Sample Areas (RSAs).

RSAs are areas of a field that the AIP authorizes the producer to leave when the producer wants immediate release of the field to go to another use, but an accurate appraisal cannot be made at the present time. Appraisals from the RSAs of the unharvested crop acreage are used to settle the claim and are conducted at a later

date to determine the per-acre appraisal for the entire unharvested acreage.

### **Will snapped and bent corn be treated differently for appraisal purposes?**

AIPs will make case-by-case determinations to production based on in-field inspections. If the AIP cannot conduct an accurate appraisal, AIPs have the option to authorize the use of Representative Sample Areas (RSAs).

### **Who determines if my crop will never be able to be mechanically harvested?**

The AIP makes this determination on a case-by-case basis. If a determination cannot be made at the time of inspection, the AIP (adjuster) may authorize the use of RSAs.

### **What does it mean if my AIP determines my crop to never be able to be mechanically harvested?**

If the crop is normally mechanically harvested, and the AIP determines that as a result of the insured cause of loss, the acreage will never be able to be mechanically harvested, the production to count on the acreage will be considered zero and there are no destruction requirements. The AIP will settle the claim based on a zero appraisal.

### **If my crop is determined to never be able to be mechanically harvested, or if I agree to settle based on appraised production, will my indemnity be reduced if I bale, chop, etc. the damaged production?**

No. If the insured is unable to mechanically harvest, or agrees to settle based on appraised production, and the insured chooses to utilize the damaged production by

means of baling, chopping, etc., (any use other than harvest as defined in the applicable crop provisions\*) there would be no impact to the indemnity. However, if any portion of the production is harvested at any time, either mechanically or by hand, the claim will be revised to reflect the greater of the appraised or harvested production. Any overpaid indemnity must be repaid.

\*Refer to the applicable crop provisions to review the definition of “harvest”.

## **What is ZMV production?**

For production that qualifies for quality adjustment, ZMV typically applies to mature production that has been harvested, or mature appraised production that will not be harvested. ZMV occurs when no buyers in the local area are willing to purchase the production and fair consideration to deliver production to a market outside the local marketing area (distant market) is equal to or greater than the production’s value at the distant market. ZMV procedure requires destruction of the production.

## **Will my corn production be eligible for ZMV?**

In order to qualify for quality adjustment and ZMV, the grain must be mature (under 40% moisture). Further, corn insured as silage is not eligible for quality adjustment, therefore ZMV does not apply.

## **Are there requirements for how to remove damaged production from my fields after a claim has been settled? Am I required to disc, etc.?**

No. Unless the AIP determines production to be ZMV, the production is not required to be destroyed.

Note: Producers with operations consisting of no-till production and that are currently enrolled in NRCS programs should consult with their local office to help determine the best method to remove excess vegetation.

## **If my wind-damaged corn field has been appraised and is released by the AIP, am I allowed to attempt to salvage any remaining crop for use as silage?**

Yes, but there are differences based on how the corn is insured (corn for grain or corn for silage).

**Corn insured for Silage:** If the producer agrees to settle based on appraised production, but they still attempt to harvest for silage, the producer must accept the higher of the appraised or harvested production for claims purposes.

**Corn insured for Grain:** If the producer agrees to settle based on appraised production and the AIP releases for another use, and then the producer attempts to harvest for silage, there are no impacts and the producer is not required to take the higher of appraised or harvested production. However, if the producer attempts to harvest as grain, the higher of the appraised or actual harvested production will be used for claims purposes.

## **If my AIP releases damaged acreage for another use and I plant a second crop (including grasses, etc.), will my indemnity be reduced?**

The producer can hay or graze a second crop without impacting their crop insurance payment if each of the following are true:

- The ground has been appraised by the AIP;
- The ground has been released for another use by the AIP;
- It is not practical to replant the insured crop; and
- The second crop will not be insured.

## **What if I have non-Federal supplemental wind coverage?**

Producers may have purchased non-Federal supplemental wind coverage, which is widely available, that may additionally support losses. The producer may be entitled

to an indemnity under non-Federal supplemental wind coverage as well as their MPCl policy.

## **What if I disagree with a determination made by my loss adjuster?**

The loss adjuster, working as the Approved Insurance Provider (AIP) representative, may require that you leave representative sample areas (RSAs) as the next step when you do not agree with the original appraisal determination performed by the loss adjuster. If you disagree with the appraised production, you should not sign the production worksheet (claim form). Instead, the loss adjuster should follow the controversial claims procedure in paragraph 1204 of the [Loss Adjustment Manual](#), which requires the case be referred to the AIP.

If an agreement is not reached, a MPCl Non-Waiver Agreement may be completed or two sets of production worksheets (claim forms) will be prepared by the AIP, one representing how you believe production should be recorded and the other as completed by the loss adjuster. Supporting documentation of each claim will be required to be submitted to the AIP for a final determination. If you disagree with the final determination made by the AIP, then they have the option to initiate an appeal, see Section 20 of the [Common Crop Insurance Basic Provisions](#) for more information.

## **What if I signed the production worksheet (claim form) but disagree with a claim processed by my AIP?**

If you sign the production worksheet (claim form) and it is processed, but later you decide to contest the claim, procedure to address this situation is included in Section 20 of the [Common Crop Insurance Basic Provisions](#). You should contact your AIP and let them know that you are electing to initiate one of the listed appeal processes for your claim. AIP contact information can be found on the claim paperwork, premium bill, or by contacting your crop insurance agent.

NOTE: It is important to note that there are deadlines for you to file for arbitration or mediation.

For additional information, visit the [USDA Agricultural Mediation Program](#) website, which includes State contact information.

## **What other resources can I access for more information?**

RMA has online resources, including [National Fact Sheets](#), [Frequently Asked Questions](#), and:

- [First and Second Crop Rules](#)
- [Delayed Harvest - Wet Conditions](#)
- [Natural Disasters and Crop Insurance](#)
- [Double Cropping and Practical to Replant](#)
- [Following Another Crop - Not Following Another Crop](#)