

## **MGR-24-007 Emergency Procedures for Crops and/or Livestock Damaged by Hurricane Milton**

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Date

October 11, 2024

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Marcia Bungler, Administrator /s/ Marcia Bungler

Subject

Emergency Procedures for Crops and/or Livestock Damaged by Hurricane Milton

### **BACKGROUND**

Hurricane Milton caused catastrophic damage in Florida. The Risk Management Agency (RMA) recognizes the need for authorizing emergency procedures to streamline certain determinations to accelerate the adjustment of losses and issuance of indemnity payments to crop insurance policyholders in impacted areas.

The local infrastructure for normal day-to-day activities has and will continue to be disrupted as recovery progresses. Due to the interruption of communication capability and the limited ability to travel in the impacted areas, many policyholders may be unable to communicate with their agents to purchase or make changes to their crop insurance policy or report losses within the Common Crop Insurance Policy, Basic Provisions (BP) 72-hour requirement.

Additionally, concerns have been expressed about the requirement to pay crop insurance premiums timely to avoid accrual of interest. The Common Crop Insurance Policy, Area Risk Protection Insurance Policy, Rainfall Index Plan Common Policy,

Whole-Farm Revenue Protection Pilot Policy, and Livestock policies' Basic Provisions state that interest will accrue starting the first day of the month, following issuance of the notice of premium due by the Approved Insurance Provider (AIP), provided that a minimum of 30 days has passed from the premium billing date.

Please note that RMA employees in the Valdosta Regional Office (RO) may have been impacted by the storm. Please feel free to contact them if you have questions in your region, but if you experience difficulty contacting an RO, please contact the RMA Loss Adjustment Standards Branch at [rma.lam@usda.gov](mailto:rma.lam@usda.gov).

## **ACTION**

RMA authorizes the use of these emergency procedures for all counties in Florida impacted by Hurricane Milton.

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 procedures would result in unnecessary delays in administering the crop insurance program.

RMA is authorizing the following emergency procedures for AIPs to utilize, on a case-by-case basis, to assist impacted policyholders and increase efficiency of AIP services and determinations:

- (1) If an AIP elects to use these emergency flexibilities, AIPs must record that these flexibilities were applied per MGR-24-007.
- (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 applicable Appendix III to the Standard Reinsurance Agreement (SRA) record type P-21 with a simplified claim flag of "F"; and
  - (b) Document in each claim folder that these emergency loss adjustment procedures were applied. Record in the narrative of the Production Worksheet (PW): "Emergency Loss Adjustment procedures applied per MGR-24-007."
- (3) In lieu of the 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 attributable to hurricane damage do not require completion of the special report normally required by the LAM. Instead, document such in the narrative of the PW.

(4) For Livestock Risk Protection, in lieu of the requirements to report livestock death within 72 hours after the insured's knowledge of the livestock's death, RMA authorizes AIPs to consider individual circumstances in accepting delayed notices after the insured's knowledge of the livestock's death.

(5) 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.); or

(b) The loss adjuster can make a visual observation at the time of loss adjustment, and it is determined the reported acres certified on the acreage report appears 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 Federal Crop Insurance Corporation (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.

(6) For those situations where the insured is unable to file an acreage report on or before the acreage reporting date due to hurricane damage, in lieu of unreported acreage procedures in LAM Paragraph 633, RMA authorizes AIPs to inspect and accept liability for unreported acreage after a loss situation has occurred and without meeting the 90 percent of the approved yield appraisal requirements. Acceptance of unreported acreage should be limited to situations where producers were unable to meet the deadline for acreage reporting due to hurricane damage. Document acceptance in the narrative of the PW.

(7) For crops (other than Nursery and Florida Fruit Tree) destroyed or damaged to the extent they will never be harvested (e.g., unable to mechanically harvest):

(a) On the entire unit:

(i) Complete the PWs, reflecting zero production to count; and

(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 (5) above);

(ii) Complete the PWs, reflecting zero production to count for the destroyed/unharvestable field; and

(iii) An appraisal worksheet is not required on the destroyed/unharvestable acreage.

**Note:** This procedure only applies in situations where the crop is destroyed or damaged to the extent it will never be harvested. It does not apply in cases where the policyholder chooses not to harvest marketable production.

(8) In cases where the policyholder has requested to put the acres to another use and the crops are 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 narrative of the PW.

(b) Estimate the acreage in the field(s) or subfield(s) based on the certified acreage from the acreage report (refer to (5) above).

(c) Record the harvested or appraised production on the applicable appraisal or PW.

(9) When written consent is required per the Crop Provisions (CP), AIPs may provide verbal consent to policyholders before they move, destroy, sell, or otherwise dispose

of damaged crops, plants, or plant material, so that they may care for the remainder of their crop. The AIP may provide verbal consent and follow-up such consent in writing if:

- (a) The policyholder provides or the AIP obtains sufficient photographic documentation of the specific crop, plant, or plant material in context to surroundings, to demonstrate the necessity to move or dispose of the material;
- (b) The policyholder maintains an inventory record of all such damaged crops, plants, and plant material by age, stage, commodity, size, type and practice, as applicable to the crop that was moved, destroyed, sold, or otherwise disposed of; and
- (c) The AIP returns to complete the appraisal and other claim activities and obtains a signed certification form (see LAM, Paragraph 731) from the policyholder for damaged crops, plants, and plant material that was moved, destroyed, sold, or otherwise disposed of.

(10) For situations where the edible portion of an insured crop has been exposed to flood waters:

- (a) Follow procedures found in Subparagraph 1002H(4) and Paragraph 1008 of the LAM on Zero Market Value (ZMV) Production and Flooded Crops.
- (b) 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 Food and Drug Administration (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 December 31, 2024, unless an extension is 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; and

(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.”

(11) For Cotton: For situations where cotton has not been exposed to flood water but is considered unable to be ginned due to an insurable cause of loss:

(a) Follow procedure found in Subparagraph 1002H of the LAM on ZMV Production.

(b) The AIP must obtain documentation from the gin stating the cotton is unable to be ginned.

(c) During the on-the-farm inspection, AIPs may finalize claims based on the policyholder’s signed certification that the production will not be ginned and 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 will not attempt to have the cotton ginned and will destroy the production, utilizing a destruction method that will render the cotton unusable, as soon as possible but no later than December 31, 2024, unless an extension is granted by my AIP. I understand that if any portion of my ZMV production is salvaged (sold, ginned, fed, etc.), I will notify my AIP immediately; resulting in a corrected claim and repayment of any overpaid indemnity.”

(12) For Nursery Field Grown and Container (FG&C): In order to timely and accurately adjust nursery claims in all counties affected by hurricane damage, the following emergency procedures are approved for determining Field Market Value A (FMV-A) when the reported inventory values appear to be reasonable based on the AIP inspection of the damaged Nursery crops.

In the event the reported values do not appear to be reasonable, the AIP will not follow the procedures below, but will complete a thorough inventory count of the Nursery to establish the correct FMV-A.

(a) The Crop Inventory Value Report (CIVR)/Plant Inventory Value Report (PIVR) that was accepted for coverage, or the most recent revised and accepted CIVR/PIVR, may be used to establish the beginning inventory.

(b) Obtain all records for plants sold, purchased, or propagated from the date of the applicable CIVR/PIVR up to the date of damage. Records must meet the requirements in Subparagraph 20(C)(3)(b) of the 2024 Nursery Crop Insurance Underwriting Guide (FCIC-24090) to be considered acceptable.

**Exception:** If an electronic inventory system including, daily inventory software, is utilized by the nursery that tracks inventory (including inventory that has been purchased, propagated, and sold) between the date the CIVR/PIVR was submitted and the date of damage, information from this system may be considered acceptable records.

(c) The records will be used to determine the inventory prior to the hurricane event in order to calculate FMV-A and Field Market Value B (FMV-B).

(i) Sold plants will not be included in the determination of FMV-A or FMV-B.

(ii) Purchased and propagated plants will be included in the determination of FMV-A or FMV-B.

(d) Calculate under-report or over-report factors, if applicable.

(13) For Nursery Value Select (NVS): In order to timely and accurately adjust nursery claims in all counties affected by hurricane damage, the following emergency procedures are approved for determining pre-loss actual unit value and post-loss damage value when the reported inventory values appear to be reasonable based on the AIP inspection of the damaged nursery crops. In the event the reported inventory values do not appear to be reasonable, the AIP will not follow the procedures below, but will complete a thorough inventory count of the nursery to establish the correct pre-loss actual unit value.

(a) The approved sales value for each specific plant will be used when determining the pre-loss actual unit value and post-loss damage value.

(b) In lieu of the order of precedence in the definition of “approved sales value” in the NVS CP, to determine the approved sales value for pre-loss actual unit value and post-loss damage value, the AIP uses the insured’s wholesale catalog price

for each specific plant multiplied by the difference between 1.00 and the largest percentage discount (calculated as a percentage if the discount is recorded as a dollar amount) that the insured provides to any buyer for any quantity of any specific plant.

(i) If the insured's catalog does not contain all applicable discounts, the wholesale catalog price for the specific plant will be decreased by 10 percent; and

(ii) Notwithstanding 13(b) herein, discounts will not be applied to prices for plants grown under license from the holder of a patent issued by the US Patent and Trademark Office provided the license specifically establishes the required sales price.

(iii) A discount stated as a dollar value relative to a specific dollar amount or a range of dollar amounts for a purchase will be converted to a percentage rate by dividing the dollar amount of such discount by the dollar amount to which such discount applies.

(14) For Tobacco:

(a) AIPs have the discretion to waive the stalk inspection on a case-by-case basis.

(b) Loss of electrical power from hurricane damage to curing barns is an insurable cause of loss.

(c) At the time of loss adjustment, estimate the number of pounds of tobacco damaged by power outages or flooding in the curing barn or on-farm storage facility that has zero value and cannot be properly weighed.

(d) For production that the loss adjuster certifies is destroyed and has no value, use a certification statement in the narrative of the PW to waive the requirement to witness the destruction of the damaged tobacco.

(15) For Florida Citrus Fruit Dollar Plan of Insurance:

(a) Due to the amount of immature fruit on the ground, it may not be practical to adjust citrus fruit losses using the ground count method; therefore, AIPs may utilize the hurricane procedures in Subparagraph 22B(3) contained in the Florida Citrus Fruit Loss Adjustment Standards Handbook (LASH), (FCIC-25140).



(b) AIPs that use the hurricane procedures in (a) above to make loss determinations, must use verifiable records from at least the three previous crop years of records and up to five previous crop years of records to determine the average yield (potential production). All records used to establish the potential production of the insured's crop must be from consecutive crop years.

**Exception:** Only in situations where verifiable records (harvest records, claim records, etc.) from at least the three previous years are not available, AIPs can contact the Valdosta RO at [rsoga@usda.gov](mailto:rsoga@usda.gov) for an average yield-based National Agricultural Statistics Service value for the citrus commodity and age of the tree. AIPs must verify and document that they are not able to fulfill the certification of verifiable records requirement prior to contacting the Valdosta RO with this request.

(c) The Florida Citrus Fruit CP (14-0026), section 10(e) states: “for citrus fruit insured as fresh, unless otherwise provided in the Special Provisions, any individual citrus fruit not meeting the applicable United States Standards for packing as fresh fruit due to an insured cause of loss will be considered 100 percent damaged, except that the percent of damage for any production sold for an alternative use will be adjusted in accordance with section 10(d).”

(i) The appraisal method entitled “Fresh-fruit Hail-scar Damage Method” will be used for fresh market citrus commodities that suffered hurricane or tropical storm wind scar damage if the insured does not harvest (refer to Subparagraph 22E of the Florida Citrus Fruit LASH).

(ii) If the policyholder harvests the crop as fresh fruit, packing records may be used in lieu of the hail-scar appraisal method to determine production to count.

(iii) If fruit insured as fresh is marketed for juice (including culls from the packinghouse), adjust the sold production in accordance with section 10(d) of the Florida Citrus Fruit CP.

(d) For any harvested citrus crop grown and insured for juice production, harvested fruit processor records may be used in lieu of fruit on-tree appraisals for determinations of percent damage.

(e) In the event that a grove or sub-grove within a unit has fruit blown away by wind and/or carried away by flood, the hurricane procedures should be used. AIPs should establish the potential production prior to the damage occurring using the average production history determined from the insured's verifiable production records of fruit harvested and marketed from at least the previous three crop years of records, and up to five previous crop years of records used to establish potential boxes produced per tree prior to damage occurring for only the groves or sub-grove(s) with displaced fruit. All records used to establish the potential production of the insured's crop must be from consecutive crop years. Continue to use the ground count procedure for other grove(s) or sub-grove(s) in the unit that do not have displaced fruit.

When using the hurricane procedure in lieu of the ground count method, do not include ground counts with the potential production or harvested fruit.

**Example:** Insured commodity type is Valencia intended as fresh. Potential Production from verifiable records equals two boxes per tree. After determination of pounds juice per box of harvested production and application of the fresh fruit factor and the test house results, the harvested production was 0.4 boxes per tree. The loss is calculated by subtracting the harvested production from the potential production: two boxes per tree potential production minus 0.4 boxes per tree harvested production equals 1.6 boxes per tree (80% damage).

(f) When the loss adjuster (based on visual observations) determines damage to be consistent the minimum number of representative samples of trees for determining fruit-on-trees is shown on the following table:

<b>Number of Acres</b>	<b>Select</b>
10.0 or less	The lesser of 5 trees or 5% of the number of trees in the orchard (rounded to the nearest whole tree)
10.1 to 100.0	5 trees for the first 10 acres, plus 1 tree per additional 10.0 acres
100.1 or more	14 trees for the first 100 acres, plus 1 tree per additional 100.0 acres

(16) For Florida Fruit Tree (FFT): To expedite FFT loss adjustment, the following guidelines are approved to establish a deviation in the appraisal procedure as

outlined in Paragraph 26 of the FFT LASH (FCIC-25570). For appraisal deviation purposes, loss adjusters working with policyholders, may designate blocks of damaged, undamaged, and destroyed trees. The following actions are authorized for FFT loss adjustment:

(a) Trees reported and certified on the acreage report prior to the date of loss may be used as the actual number of trees for claim purposes unless:

(i) An alternate, acceptable measure of the number of trees is readily available (e.g., number of trees determined during a previous inspection, insured provides a tree inventory record, etc.); or

(ii) It is determined (based on visual observation at loss adjustment time) that the reported number of trees appears to be unreasonable, in which case, the number of trees must be determined according to LASH procedure.

(b) Blocks of damaged trees require an appraisal worksheet as specified in the LASH.

(c) Blocks of undamaged trees do not require an appraisal worksheet but must be accounted for on the PW as outlined in item (16)(e) below.

(d) Blocks of trees destroyed with no remaining value do not require an appraisal worksheet.

(e) With the signed consent of the policyholder, loss adjusters may show blocks that are undamaged as a separate line item on the PW.

(f) The LASH instructs AIPs to account for the total number of trees in all stage-blocks present in the unit. The AIPs must also calculate the unit value for all claims and the unit deductible for non-occurrence loss option claims. In addition to the instructions for completing Section I of the PW, authority is granted to modify the PW instructions with the following replacements: "C. Undamaged trees in the unit" to allow undamaged trees to be accounted for on the PW and to add "D. trees totally destroyed." Section I of the PW should be completed following the instructions in the Handbook with the following exceptions:

(i) Item A: Field ID: The grove identification symbol for the block of undamaged trees;

(ii) Item C: Enter the number of undamaged trees in the agreed upon block of trees;

(iii) Item D: Enter the number of trees totally destroyed in the agreed upon block of trees; and

(iv) Item L: % Damage: Enter "0.000" if there is no damage to the block. Enter "1.000" if the block is destroyed.

(17) For Livestock Gross Margin, RMA authorizes AIPs to count any livestock death because of hurricane damage as actual target marketing for the purposes of the "85% rule" and be counted as marketed for the purposes of calculating the market factor.

(18) RMA uses targeted data mining to identify policyholders who are exempt from \$200,000 reviews. However, given the potential for widespread loss due to hurricane damage, Compliance will monitor claims over \$200,000 and if needed will provide relief on the review requirement found in Appendix IV of the SRA.

(19) For crops resulting in a total uninsurable loss due to hurricane damage with no access to supporting production evidence (farm management records such as field harvest records, weight of production, bin measurements, etc.), AIPs may allow producers to elect to apply the UUF/Third-Party procedures in Paragraph 1236 and Part 13 of the Crop Insurance Handbook (FCIC-18010-1) for Actual Production History purposes.

(20) Notifications may be sent electronically between the policyholder and their AIP/agent. Policyholders may select policy elections or provide policy-related information over the phone or by electronic methods by Sales Closing Date (SCD), Production Reporting Date (PRD), and Acreage Reporting Date (ARD). Policyholders and AIP/agents should retain appropriate documentation of the call or electronic communication. This authority also extends to options, endorsements, and other forms with SCD, PRD, or ARD deadlines.

If the policyholder sends their reports in such a manner, they will be required to either sign digitally at the time of their report submission or follow up with a properly signed form(s) no later than 60 calendar days after the initial reporting deadline provided in the actuarial documents.

(21) AIPs are authorized to provide additional time for policyholders impacted by hurricane damage to make payment of premium and administrative fees. Interest accrual on premium payments and administrative fees, as noted above, will be waived for an additional 60 days of the scheduled payment due date on policies with premium billing dates between October 1, 2024, and November 30, 2024. AIPs will begin to accrue interest after the additional 60-day period for unpaid premium and administrative fees. AIPs should attempt to notify potentially affected policyholders of said relief.

(22) To assist the AIPs and provide relief from the requirements of the SRA and Livestock Price Reinsurance Agreement that all uncollected premium be paid to the FCIC, RMA will also defer collection of any unpaid producer premium and administrative fees and waive all associated interest from AIPs accordingly beginning with the November monthly accounting reports.

(23) AIPs are also authorized to provide additional time for policyholders to make payment for Written Payment Agreements due between October 1, 2024, and November 30, 2024. Payments may be extended up to 60 days of the scheduled payment due date and considered a timely payment. Such extension of time will not be considered a modification of the Written Payment Agreement, and the AIP may waive any additional interest for the payment during this 60-day period.

(24) As it relates to payments, AIPs are authorized to provide additional time for policyholders to make payment of premium and administrative fees associated with policies that have August and September premium billing dates. Interest accrual on premium payments and administrative fees, as noted above, may be waived to the earliest of an additional 60 days of the scheduled payment due date or the termination date on policies with premium billing dates between August 1, 2024, and September 30, 2024. AIPs will begin to accrue interest after this additional period for unpaid premium and administrative fees. AIPs are also authorized to provide additional time for policyholders to make payment for Written Payment Agreements due between August 1, 2024, and September 30, 2024. Payments may be extended up to 60 days of the scheduled payment due date and considered a timely payment. Such extension of time will not be considered a modification of the Written Payment Agreement, and the AIP may waive any additional interest for the payment during this 60-day period. AIPs should attempt to notify potentially affected policyholders of said relief.

(25) In accordance with section 18(e)(1) of the BP, AIPs are reminded that policyholders may be able to submit a request for a written agreement after the SCD, but on or before the ARD, if they are able to demonstrate the physical inability to submit the request (or required additional documentation) on or before the SCD.

RMA will continue to monitor the situation and issue additional emergency procedures, if necessary.

**DISPOSAL DATE:**

December 31, 2024