

2019 Corn Harvest in the Upper Midwest/Great Plains States

What should the insured do if there are unharvested acres of corn at the end of insurance period (EOIP) date, which is September 30 for silage and December 10 for grain?

The insured should file a timely notice of loss with their crop insurance agent for any damage due to an insurable cause of loss on or before the calendar date for the EOIP for all unharvested corn. The following determination(s) may be made by Approved Insurance Providers (AIP) in accordance with the Risk Management Agency's (RMA) procedures:

- AIPs may authorize policyholders, on a case-by-case basis, more time to attempt to harvest the crop so claims can be settled based on harvested production, in accordance with subparagraph 702B of the Loss Adjustment Manual Standards Handbook (LAM). An AIP may allow additional time to harvest when the following conditions are met:
 - The insured provides a timely notice of loss to their crop insurance agent;
 - The AIP determines and documents that the delay in harvest was due to an insured cause of loss;
 - The insured demonstrates that harvest was not possible due to insured causes; and
 - The delay in harvest was not because the insured did not have sufficient equipment or manpower to harvest the crop by the EOIP.
- AIPs may make final inspections in accordance with paragraph 702 of the LAM. AIPs will account for all insured acres of the crop that were harvested or unharvested and appraised. This will include applying quality adjustment as outlined in the Coarse Grains Crop Provisions (CP), applicable State/County

Special Provisions, and the Corn Loss Adjustment Standards Handbook.

- AIPs may require the insured to leave representative sample areas in accordance with paragraph 924 of the LAM. Representative sample areas are used when deferred appraisals (subparagraph 921B of the LAM) are required and the insured requests immediate release of the acreage.
- AIPs may settle claims based on the appraisal from the remaining unharvested acres. Follow LAM procedure regarding final disposition of a crop.

Can an insured harvest past the calendar date for the EOIP?

Yes. The AIP may authorize additional time to complete loss adjustment due to an insured peril preventing harvest by the calendar date for the EOIP, including additional time to harvest the crop on a case-by-case basis, as explained above.

Is the insured required to harvest all corn acreage in order for the AIP to complete the claim?

No, AIPs may complete a claim based on an appraisal of unharvested acreage in accordance with subparagraph 921A of the LAM.

What if an insured cannot mechanically harvest the crop acreage due to an insurable cause of loss?

Subparagraph 921D of the LAM includes procedures for determining whether the insured was/is unable to mechanically harvest. No production will be counted for the acreage the AIP determines could not be mechanically harvested. If mechanical harvest is feasible with normal harvest methods/equipment on any portion of the unharvested acreage, the AIP can appraise and count only the production that could have been mechanically harvested. Wet field conditions, snow covered fields, or inaccessible roads/bridges which prevent harvest of the crop by the calendar date for the EOIP does not mean the acreage can never be mechanically harvested with normal harvest methods/equipment. This may only be a temporary condition. Likewise, the fact that it would cost more to harvest the crop than the crop is worth does not establish that the insured was/is unable to mechanically harvest the crop.

Can AIPs use harvested production from representative sample areas for appraised production and to obtain samples for

quality adjustment determinations?

Yes, subparagraph 921C of the LAM allows for harvested representative sample appraisals.

If the acreage is appraised (vs. harvested) and put to another use, what effect is there on the Actual Production History (APH) database?

Refer to subparagraph 1304E of the Crop Insurance Handbook FCIC-18010. For any unharvested acreage, appraised potential production is included on the production report and used in the APH database. If acreage of the crop was destroyed/put to another use and an appraisal of the potential production was not made (not requested for APH database purposes or no claim), the production report will indicate the planted acres and a “zero” yield.

Does quality adjustment include discounts for the moisture content of corn grain?

There are no quality discounts for moisture content. If moisture adjustment is applicable, it will be made prior to any adjustment for quality in accordance with section 11(d) of the Coarse Grains CP. Section 11(d) of the Coarse Grains CP specifies that corn production to count will be reduced by 0.12 percent for each 0.1 percentage point of moisture in excess of fifteen percent (15%). If moisture exceeds thirty percent (30%), production will be reduced by 0.2 percent for each 0.1 percentage point of moisture in excess of thirty percent (30%).

If corn grain has a test weight of 44.00 to 48.99 (on the discount factor chart in Section A of the Special Provisions) with no other eligible quality discounts, can the quality discount be determined by a reduction in value (RIV) if the corn grain is sold?

In accordance with the Special Provisions, the quality discount is determined by the discount factor chart in Section A of the Special Provisions for the applicable county and a RIV discount is not an option. See the following example test weight discount factor chart for reference:

TEST WEIGHT DISCOUNT

Discounts for low test weight as follows (U.S. Grade No. 5 for Test Weight - 48.99 lbs. to 46 lbs.; U.S. Sample Grade - 45.99 lbs. and below:

Test Weight Pounds DF

| | |
|--------------|---------------|
| 49 and above | None |
| 48-48.99 | 0.041 |
| 47-47.99 | 0.051 |
| 46-46.99 | 0.062 |
| 45-45.99 | 0.072 |
| 44-44.99 | 0.082 |
| Below 44 | See section B |

An insured's corn grain production is damaged due to an insurable cause of loss and the production is rejected by the elevator/buyer due to low test weight. Is the damaged corn grain production eligible for an indemnity when there is no buyer for the production?

Every reasonable effort should be made by the insured and the AIP to find a market for the damaged corn grain production. Insured's and AIP's determinations must include the following:

- Whether there are buyers outside of the local marketing area;
- If livestock feeding operations or other types of salvage buyers are willing to buy the damaged production; and

- Fair consideration to deliver production to a market outside the insured's local marketing area (distant market) is equal to or greater than the production's value at the distant market.

If a market still cannot be found for the damaged production, the AIP can make zero market value determinations in accordance with subparagraph 1102H of the LAM. A zero market value determination by the AIP will result in zero production to count for claims purposes, if the production is destroyed in an acceptable manner.

Does zero market value procedure in the Special Provisions apply if the corn grain test weight is on the discount factor chart in Section A (44.00 through 48.99) and no viable salvage market can be found?

Zero market value procedure applies if the AIP determines there are insured quality deficiencies and there is no salvage market. However, if the corn grain test weight is 49.00 and above (having no insured quality deficiencies), then zero market value procedure would not be applicable.

If the AIP determines there is zero market value production due to insured quality deficiencies, does the production have to be destroyed?

Production must be destroyed in an acceptable manner in order to receive the discount factor of 1.000 (zero production to count for claim purposes). If production is not destroyed, discount factors will be determined in accordance with Section D of the Special Provisions.

Are there specific quality adjustment procedures when the edible portion of a crop is exposed to flood waters?

In accordance with Section C of the Special Provisions, if the edible portion of a crop is exposed to flood waters it is considered adulterated and should not be used for feed and food:

“The Food and Drug Administration guidelines state when an edible portion of a crop is exposed to flood waters, it is considered adulterated and can be injurious to human or animal health and should not be used for feed or food. For acreage of an insured crop in which the edible portion of the crop has been exposed to flood waters, such production is considered to contain substances or conditions qualifying under Section C3 with a level exceeding the maximum amount allowed. Such production is not required to be sampled and tested by an approved laboratory. Whether you intend to harvest or not harvest such acreage, you must give us notice to inspect the crop. Such production will be considered to have zero market value if destroyed in an acceptable manner. Refer to Section D. If you harvest production from such flood-damaged acreage and commingle with production from acreage not damaged by flood, such commingled production will not be adjusted for any quality deficiencies listed in Section C.”

Do mature and immature crops qualify for quality adjustment provided in the Special Provisions?

Quality adjustment is applicable to mature crops only. Maturity is determined during appraisal by the adjuster, in accordance with the applicable crop Loss Adjustment Standards Handbook (LASH). Immature crops qualify for a production loss only, with adjustment upon appraisal in accordance with the LASH.

For example, according to the corn LASH, corn maturity depends on the stage of growth at the time of appraisal. “Fully mature” means physiological maturity has been reached and the moisture level is below 40 percent on most Corn Belt hybrids. A shiny, hardened appearance of the hull on opposite side of embryo has extended to the cob, and dry matter accumulation has ceased.

The insured has been granted an extension of time to harvest. Does granting an extension of time to harvest affect deadline requirements for taking samples, even if the crop remains unharvested later than 60 days after the calendar date for the End of Insurance Period (December 10 for corn)?

In accordance with the Special Provisions and the Loss Adjustment Manual Standards Handbook, quality samples must be taken within 60 days after the calendar date for the End of Insurance Period (EOIP). For example, the EOIP calendar date for corn is December 10; therefore, the deadline for the Approved Insurance Provider (AIP) to obtain quality samples is February 8. This sampling requirement is applicable to all crops eligible for quality adjustment in the Special Provisions.

However, in accordance with Manager's Bulletin No. MGR-20-002, RMA extended the deadline to collect crop sample(s) that are intended for quality adjustment determinations for the 2019 crop year only, when an AIP has granted additional time to harvest due to extreme winter conditions including ice and snow. The required deadline to obtain crop samples for quality adjustment purposes is not later than 120-days after the calendar date for the EOIP for 2019 crop year open claims where the crop is currently not harvested. AIPs must obtain timely crop samples for the insured to be eligible for quality adjustment determinations in accordance with the Special Provisions.

The 2019 corn crop remains unharvested until late spring 2020 due to an insured cause of loss that prevented harvest. Spring weather conditions prevent the insured from harvesting and/or destroying the remaining corn crop and preparing the ground for spring seeding in a timely manner. If the insured seeds a spring crop directly into the remaining 2019 corn crop by the end of the Final Planting Date or Late Planting Period, is the spring crop insurable?

The spring crop may be insurable if the planting practice meets the definition of Good Farming Practices in accordance with RMA policy and procedure. Good Farming Practices include the production methods used to produce the insured crop, which allow it to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance, including any adjustments for late-planted acreage. Good Farming Practices are those generally recognized by agricultural experts or, if applicable, organic agricultural experts for the area. Also, to be insurable, the spring-seeded crop would have to

meet all other eligibility requirements, including any applicable crop rotation requirements.

The 2019 corn crop remains standing/unharvested in late spring 2020 due to an insured cause of loss. Does this affect the prevented planting eligibility of this existing land in the insured's operation?

Carryover policyholders are eligible for prevented planting payments if the insured cause of loss occurred after the Sales Closing Date for the previous crop year, and all other prevented planting eligibility requirements have been met. Paragraph 30 (Example 2) in the 2020 Prevented Planting Standards Handbook addresses this situation:

Example 2: A spring crop was planted in 2019. Due to excess moisture, the 2019 spring crop was prevented from being harvested by the calendar date for the EOIP for the crop (AIP granted additional time to harvest the crop). Continued adverse weather prevented harvest or removal of the crop from the field until a late spring month of 2020. Subsequent spring weather conditions prevented field preparation and/or planting of the 2020 spring crop (e.g., 2020 canola) by the spring FPD due to the 2019 crop not being harvested.

The 2019 corn crop remains standing/unharvested in late spring 2020 due to an insured cause of loss on land the insured is adding to the operation for the 2020 crop year, does this affect the prevented planting eligibility of this added land?

According to Section 17(f)(12) in the 2020 Basic Provisions 20-BR, prevented planting coverage will not be provided for any acreage:

- (12) If a cause of loss has occurred that may prevent planting at the time:

- (i) You lease the acreage (except acreage you leased the previous crop year and continue to lease in the current crop year);
- (ii) You buy the acreage;
- (iii) The acreage is released from a USDA program which prohibits harvest of a crop;
- (iv) You request a written agreement to insure the acreage; or
- (v) You acquire the acreage through means other than lease or purchase (such as inherited or gifted acreage).

RMA issued Manager's Bulletin No. MGR-20-003 on February 20, 2020 to provide additional clarity regarding the application of prevented planting eligibility requirements for added land that is new to the insured operation.

When making prevented planting coverage determinations, approved insurance providers (AIPs) may consider conditions at the time the new tenant (insured) takes possession of the added acreage. This may require determining if a cause of loss exists at the time the insured takes possession of added land that may prevent planting.

When determining if there is a cause of loss that "may prevent planting," factors AIPs should consider include, but are not limited to:

- Historical Weather Patterns.
 - Is the current condition common for the region at this time of year?
 - Do these conditions typically resolve in time to result in availability to plant by the final planting date?
- Timing of the Final Planting Date.
 - How likely is it that a cause of loss present prior to the final planting date will impact planting?
- Insured's Individual Planting History.

AIPs should evaluate these types of factors and document such in the insured's loss file to support prevented planting coverage determinations on added land.

For example, a landlord and tenant enter into a signed lease agreement on January 1. At the time the lease was executed, there was an unharvested crop from the previous tenant in the field and a cause of loss that could prevent planting. On March 1 of the same year, the previous tenant harvests the crop and the new tenant

assumes possession of the acreage. Based on conditions at the time of possession, the AIP determines there was not a cause of loss present that could prevent planting and provides prevented planting coverage on the added acreage.