Loss Adjustment Procedures for Vomitoxin

Background

Vomitoxin contamination can be harmful to humans and animals at certain levels. The U.S. Food and Drug Administration (FDA) has established action levels for Vomitoxin present in food or animal feed. Commodities with highest risk of Vomitoxin contamination include barley, corn, oats, and wheat.

What To Do

If you suspect your insured crop contains Vomitoxin, contact your agent. Your approved insurance provider (AIP) will:

- Take samples for testing; and
- Submit them to an approved Vomitoxin testing facility.

Criteria for Approved Testing Facilities

Contact your agent or refer to the applicable Special Provisions (SP) for the current policy on testing.

Testing facilities meeting the criteria below can be considered "approved testing facilities" for crop insurance:

- An approved testing facility must be able to perform quantitative tests on grain, itemizing results in parts per billion, and the test kits used must be certified by the USDA Federal Grain Inspection Service (FGIS);
- The facility must be a recognized commercial, government, or university testing lab that uses industry recognized sample sizes, equipment, and procedures for testing Vomitoxin;
- The facility must be a disinterested testing facility; and
- The facility must not be involved in buying or selling the type of grain that is being tested.

Talk to your AIP or agent for more information. Visit www.ams.usda.gov/services/grain-rice-pulse-inspection-services for approved testing facilities.

The FDA, or another government agency, may require the destruction of crops with Vomitoxin at more than 10.0 ppm. If you destroy the crop in an acceptable manner, you will be paid a full loss. Please contact your AIP about acceptable ways to destroy your crop before doing so.

Quality Adjustment

If the crop qualifies for quality adjustment and the Vomitoxin test results are:

- Between 5.1 ppm (or 2.1 ppm based on SP chart) and 10.0 ppm:
  - Production will be discounted based on the reduction in value if sold to a disinterested third party prior to 60 days after the calendar date for the end of insurance period (EOIP); or
  - Production will be discounted based on the pre-established discount factors in the SP if unsold, fed, utilized in any other manner, or sold to other than a disinterested third party.
- 10.1 ppm and above:
  - Production will be discounted based on the reduction in value if sold to a disinterested third party;
  - Production will be discounted based on a discount factor of 0.500 if fed, utilized in any other manner, or sold to other than a disinterested third party; or
  - Production will be discounted based on a discount factor of 1.00 if destroyed in an acceptable manner.

Note: If production remains unsold, or is not destroyed, more than 365 days after the calendar date for the EOIP, the production will not be adjusted for quality.

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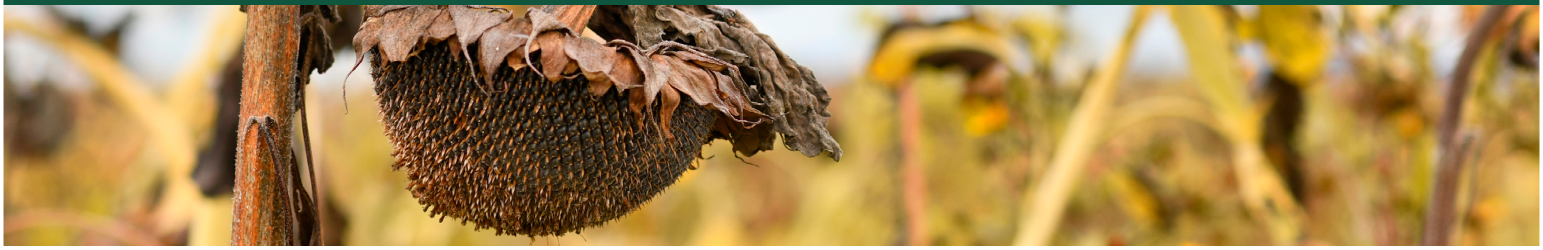

Questions

If you are concerned about placing Vomitoxin-infected grain in storage or about efforts to reduce the spread of Vomitoxin within grain storage facilities, contact your AIP or local agricultural experts.

If you have questions about your crop insurance coverage or responsibilities, contact your crop insurance agent or AIP at: www.rma.usda.gov/RMALocal/Field-Offices/Regional-Offices.

Loss Examples – Sold Production

Assume 1,000 bushels of corn with 6.5 ppm of Vomitoxin are delivered directly from the field to a disinterested third-party buyer no later than 59 days after the calendar date of the end of the insurance period. The Local Market Price (LMP) $4.25 (spot-cash) minus the price you received for the damaged production ($2.75) is your Reduction in Value (RIV) ($1.50). Your Discount Factor (DF) is calculated by your RIV divided by the LMP.

1. $1.50 RIV ÷ $4.25 LMP = 0.353 DF
2. 1.000 - 0.353 DF = 0.647 Quality adjustment factor (QAF)
3. 1,000 bu. × 0.647 QAF = 647 bu. Production-To-Count (PTC)

Loss Examples – Sold Production with a Contract

Assume you have a contract on 1,000 bushels of corn for a price of $4.00. You harvest your crop with 6.5 ppm of Vomitoxin and deliver to the elevator. The elevator discounts your crop $1.50, and the price received for this production $2.50. The LMP is $3.50. Your RIV would be calculated by using the LMP minus the price you received for your crop. Your DF is calculated by your RIV divided by the LMP.

1. $3.50 LMP - $2.50 Price Received = $1.00 RIV
2. $1.00 RIV ÷ $3.50 LMP = 0.286 DF
3. 1.000 - 0.286 DF = 0.714 QAF
4. 1,000 bu. × 0.714 QAF= 714 bu. PTC

Loss Example – Unsold Production

Assume 1,000 bushels of corn with 15.0 ppm of Vomitoxin. Since the level of Vomitoxin exceeds the maximum level allowed, the claim will not be completed until all such production is sold, fed, utilized in any other manner, or destroyed.

1,000 bushels of corn with 15.0 ppm of Vomitoxin in on-farm storage and fed to the insured's livestock over the next five months.

1. 1.000 - 0.500 DF = 0.500 QAF
2. 1000 bu. × 0.500 QAF = 500 bu. PTC

Where to Buy Crop Insurance

All multi-peril crop insurance, including Catastrophic Risk Protection policies, are available from private insurance agents. A list of agents is available at all USDA service centers and on the RMA website at Agent Locator.

Contact Us

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