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# **LOSS ADJUSTMENT MANUAL (LAM) STANDARDS HANDBOOK**

## **2014 and Succeeding Crop Years**



**RISK MANAGEMENT AGENCY  
KANSAS CITY, MO 64133**

<b>TITLE: LOSS ADJUSTMENT MANUAL (LAM) STANDARDS HANDBOOK</b>	<b>NUMBER: FCIC-25010 (11-2013) FCIC-25010-1 (01-2014)</b>
<b>EFFECTIVE DATE: 2014 and succeeding crop years</b>	<b>ISSUE DATE: January 15, 2014</b>
<b>SUBJECT:</b>  <b>Provides the procedures and instructions for administering the general loss adjustment of crop insurance programs</b>	<b>OPI: Product Administration and Standards Division</b> <b>APPROVED:</b>  <b>/S:/ Tim B. Witt</b>  <b>Deputy Administrator for Product Management</b>

**REASON FOR AMENDMENT**

Major changes: See changes or additions in text which have been **highlighted**. Three stars (\*\*\*) identify information that has been removed.

1. Para. 83, Summerfallow Practice - Added Exception 4 to incorporate changes made to the CIH.

# LOSS ADJUSTMENT MANUAL STANDARDS HANDBOOK

## CONTROL CHART

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## SECTION 6 INSURABLE FARMING PRACTICES

### 81. General Information

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The BP, CP, and SP from the county actuarial documents may provide for or exclude from insurability certain farming practices. Refer to those documents for specific information. **Only for additional coverage policies:** When permitted by the policy, coverage by written agreement for unrated farming practices may be requested and approved.

#### A. Where and How a Farming Practice is Listed

The county actuarial documents list rates and coverages for specific farming practices, by crop. When permitted by the policy, coverage by Written Agreement for unrated farming practices may be requested from the RMA RO. For some crops, instead of a specific farming practice, there is a practice designation of “no practice specified.” This refers to established practices that are commonly used in the geographical area for the insured crop. There is a numerical code for each practice (including “no practice specified”) shown on the actuarial documents. These numerical codes are used on such forms as the acreage report and/or claim form, as appropriate. If types or varieties are listed in the actuarial documents, insurable practices for each type or variety are listed. The following paragraphs in Section 6 address some of the farming practices found on the actuarial documents.

#### B. Special farming practices, singly or in combination, determine the guarantee

- (1) Verify that the insured has met all the requirements to qualify for the reported practice.
- (2) If two or more requirements apply, failure to meet one requirement will disqualify the acreage.
- (3) Make determinations in accordance with requirements provided in the applicable crop policy, crop endorsement, and/or Actuarial Documents and in the following paragraphs.

#### C. A GFP determination is not a determination of insurability

Acreage must meet policy requirements for insured acreage before a GFP determination for the insured crop can be made. Refer to Para. 304 for more information on GFP determinations.

### 82. Continuous Cropping Practice

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Definition. This distinguishes land that is continuously cropped from land that lies fallow (idle) in the prior crop year.

## 83. Summerfallow Practice

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Summerfallow (SF) is an insurable practice in some counties.

### A. General Information

SF practice uses mechanical tillage or chemicals on uncropped land to control weeds and store moisture.

### B. Insurability

All of the following must be met to qualify as SF practice for the current crop year:

- (1) The SF practices must be consistent with:
  - (a) NRCS soil erosion control measures; and
  - (b) recommended SF practices, such as method(s), frequency, adequate tillage and/or chemical controls, for the area.
- (2) In addition to lying fallow for a full crop year, plant growth on the acreage must be terminated on or before the applicable plant growth termination date, followed by a continuous chemical and/or mechanical weed control program. Plant growth termination dates are:
  - (a) May 1 for California;
  - (b) June 15 for North Dakota, Montana, and South Dakota; and
  - (c) June 1 for all other states.

**Example:** Acreage in North Dakota was planted to a crop in 2012 crop year. To qualify for SF practice in the 2014 crop year, the land must lay fallow during the 2013 crop year and any plant growth on the acreage, including but not limited to weeds and volunteer crops must be:

- (1) terminated by mechanical and/or chemical means on or before June 15, 2013; and
  - (2) continuously controlled weed control for the entire 2013 crop year.
- (3) The land must not have been planted or devoted to a crop in the immediately preceding crop year and must lie fallow for a full crop year. For land devoted to a perennial crop, such as grasses, alfalfa, clover, or other perennial plants or forbs, including land previously enrolled in CRP, the perennial crop must be terminated by mechanical or chemical means a full crop year before planting of the crop qualifying for the SF practice.

**B. Insurability (Continued)**

**Exception 1:** Representative sample area left for loss adjustment purposes will qualify for a SF practice provided the:

- (1) remainder of the field qualifies for the SF practice; and
- (2) representative sample areas are destroyed within 30 days after the applicable plant termination date for the acreage.

If the representative sample areas are not destroyed within 30 days after the applicable plant termination date, such acreage will be considered sub-fields and will not qualify for the SF practice.

**Example 1:** Representative sample areas of a crop were left on acreage in North Dakota for loss adjustment purposes. All the representative sample areas were destroyed on June 29, 2013. All other plant growth on the acreage was terminated by mechanical and/or chemical means on or before June 15, 2013. All plant growth on the entire acreage was continuously controlled for the rest of the crop year, and all other SF practice requirements were met. **The entire acreage qualifies for the SF practice for the 2014 crop year.**

**Example 2:** Same as example 1, except the representative sample areas were not destroyed until **July 20**, 2013. The representative sample area acreage does not qualify for the SF practice for the 2014 crop year.

**Exception 2:** Acreage on which a crop was planted in the preceding crop year shall qualify for the SF practice in the current crop year, provided:

- (1) the acreage qualified for the SF practice the crop year preceding the current crop year.
- (2) the crop planted on the acreage in the crop year preceding the current crop year:
  - (a) was not harvested; and
  - (b) failed and/or was destroyed on or before the applicable plant termination date; or
  - (c) the AIP gives consent to put the acreage to another use and a different second crop is planted on the acreage in the current crop year, if SF is an applicable practice for the second crop; and
- (3) all other SF practice requirements are carried out.

**B. Insurability (Continued)**

**Example 1:** Acreage in North Dakota was not planted and all SF practice requirements were met in 2012. Therefore, the acreage qualified for the SF practice for the 2013 crop year. A crop was planted on the acreage in the spring of 2013. The crop failed, was not harvested, and was destroyed on June 1, 2013. All plant growth on the entire acreage was continuously controlled for the rest of the year after the planted crop failed and was destroyed and all other SF practice requirements were met.

The acreage qualifies for the SF practice for the 2014 crop year.

**Example 2:** Acreage in North Dakota was not planted and all SF practice requirements were met in 2012. Therefore, the acreage qualified for the SF practice for the 2013 crop year. A crop was planted on the acreage in the spring of 2013. The crop failed, was not harvested, and was destroyed on June 1, 2013. All plant growth on the entire acreage was continuously controlled for the entire 2013 crop year and all other SF practice requirements were met.

A crop was planted on the acreage in the spring of 2014. The crop failed, was not harvested, and was destroyed on June 1, 2014. The AIP gave consent to put the acreage to another use, and the insured planted a different second crop on the acreage for the 2014 crop year.

The acreage qualifies for the SF practice for the second different crop planted for the 2014 crop year.

**Exception 3:** Acreage that did not qualify for the SF practice in the preceding crop year and on which a crop was planted in the preceding crop year shall qualify for the SF practice in the spring of the current crop year provided:

- (1) the crop planted on the acreage in the crop year preceding the current crop year:
  - (a) was not harvested; and
  - (b) failed and/or was destroyed on or before the applicable plant termination date; and
- (2) all other SF practice requirements are carried out.

**Example:** Acreage in North Dakota was planted and the crop was taken to harvest in 2012. Therefore, the acreage did not qualify for the SF practice for the 2013 crop year. A crop was planted on the acreage in the spring of 2013. The crop failed, was not harvested, and was destroyed on June 1, 2013. All plant growth on the entire acreage was continuously controlled for the entire 2013 crop year and all other SF practice requirements were met.

The acreage qualifies for the SF practice for the spring 2014 crop year.



## 83. Summerfallow Practice (Continued)

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### B. Insurability (Continued)

**Exception 4:** For crops/counties with a 11/30/13 or later contract change date, planting a cover crop on SF acreage the fallow year will not affect eligibility for the SF practice, unless:

- (1) The cover crop is hayed, grazed or otherwise harvested in any manner; and/or
- (2) NRCS termination guidelines are not followed by the insured.

If (1) and/or (2) apply, the cover crop will be considered a crop and the acreage will not be eligible for the SF practice until the acreage lies fallow for a full crop year. SF acreage with a cover crop must be identified on the acreage report (See Para. 911 of the CIH).

## 84. Irrigated Practice

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### A. Reporting an IRR Practice

- (1) The crop insurance contract provides that insureds are to report as irrigated, and the AIP will insure as irrigated, only the acreage for which the insured has adequate facilities and adequate water or the reasonable expectation of receiving adequate water at the time coverage begins, to carry out a good irrigation practice for the insured crop.
  - (a) Insureds that knew or had reason to know prior to the time insurance attached that their irrigation water supply may be reduced before coverage begins or will be reduced or cut off during the irrigation season, have no reasonable expectation of adequate irrigation water.
  - (b) Therefore, insureds that have no reasonable expectation of receiving adequate irrigation water, must make decisions to:
    - (i) plant fewer irrigated acres,
    - (ii) plant and insure acreage for which adequate water is not available under a non-irrigated practice (if available), or
    - (iii) report acreage as PP (if PP is available for the crop), provided that all PP policy provisions have been met. Refer to the PP LASH for more details regarding eligibility of a PP payment under an irrigated practice.
- (2) In general, for annually planted crops, insurance attaches at the time the crop is planted (except for first year applications received after planting) and on a specified date for perennial crops. (For crops with PP coverage, see the PP LASH.) It is the insured's responsibility to provide documentation, upon the AIP's request, of the information used to determine the adequacy of irrigation water and facilities for the acreage reported for insurance under the irrigated practice.

## 84. Irrigated Practice (Continued)

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### B. IRR Practice Guidelines

In accordance with procedures in the CIH, prior to the time insurance generally attaches in an area, AIPs are to provide to insureds for whom the irrigated practice may apply, the “Irrigated Practice Guidelines” contained in the DSSH.

### C. Applicable Terms Used for IRR Practice

The following table provides terms and requirements to facilitate a uniform understanding of standards and guidelines for the irrigated practice.

<b>TERM</b>	<b>REQUIREMENT</b>
Adequacy of Irrigation Facilities	Irrigation facilities are considered adequate if it is determined that, at the time insurance attaches to planted or perennial acreage, they will be available and usable at the times needed and have the capacity to timely deliver water in sufficient quantities to carry out a good irrigation practice for the acreage insured under the irrigated practice.
Adequacy of Water	The determination of the adequacy of water shall be based upon:  (1) the water available, at the time insurance attaches, from the irrigation water supply, soil moisture levels, and, as applicable, snow pack storage levels; and  (2) supplementary precipitation which would normally be received after insurance attaches, during the period that a good irrigation practice is normally carried out.  Consideration will also be given to the factors identified in subparagraph D below, including the legal entitlement or rights to water.
Good Irrigation Practice	Application of adequate water in an acceptable manner, at the proper times, to allow production of a normal crop which is often identified as the approved APH yield for crops.
Irrigation Equipment and Facilities	The physical resources, other than water, used to regulate the flow of water from a water source to the acreage. This includes pumps, valves, sprinkler heads, and other control devices. It also includes pipes or pipelines which:  (1) are under the control of the insured; or  (2) routinely deliver water only to acreage which is owned or operated by the insured. A center pivot system is considered irrigation equipment and facilities.