USDA

**United States
Department of
Agriculture**

FCIC

**Federal Crop
Insurance
Corporation**

FCIC-25025   (01-2019)
FCIC-25025-1 (12-2019)

TOBACCO LOSS ADJUSTMENT STANDARDS HANDBOOK

2020 and Succeeding Crop Years

TITLE: TOBACCO LOSS ADJUSTMENT STANDARDS HANDBOOK	NUMBER: 25025 (01-2019) 25025-1 (12-2019)
EFFECTIVE DATE: 2020 and Succeeding Crop Years	ISSUE DATE: December 09, 2019
SUBJECT: Provides the procedures and instructions for administering the Tobacco crop insurance program	OPI: Product Administration and Standards Division
	APPROVED: */s/ Richard H. Flournoy* **Deputy Administrator for Product Management**

REASON FOR ISSUANCE

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

1. Throughout the handbook: Made editorial and syntax changes to incorporate the most recent RMA approved handbook formatting, use of appropriate acronyms, standard language, and updated references, examples, and example forms as needed.

2. Comments that pertained to grammar, punctuation, deleting unneeded words, rewording to make a sentence flow better, corrections of reference numbers, formatting, etc., are not listed.

3. **Subparagraph 16 (2)(e)(i)(b):** Revised procedure to determine the calculated DF by dividing the price received for the damaged tobacco at sale by the non-organic established price (No Practice Specified – 997) and subtracting the result from 1.000. Also updated the example table.

4. **Subparagraph 35 B(4)(c):** Deleted subparagraphs (i) and (ii). Inserted instructions to refer to subparagraph 35 B(5) for the procedure for calculating the leaf factor.

5. **Subparagraph 35 B(5):** Revised the Mature Tobacco Leaf Computation procedure to apply to all tobacco types.

6. **Exhibit 3, item 15:** Revised the instruction to use the Mature Tobacco Leaf Computation instructions found in subparagraph 35 B(5) to determine the appropriate leaf factor for all types.

7. **Exhibit 4, item 65b.:** Corrected reference.

8   **Exhibit 4, Production Worksheet example:** Corrected the price used in the narrative to coincide with the revised instructions in subparagraph 16 (2)(e)(i)(b).

TOBACCO LOSS ADJUSTMENT STANDARDS HANDBOOK

CONTROL CHART

	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Tobacco Loss Adjustment Standards Handbook							
Remove	1-2		11-12	3	39-40	01-2019	FCIC-25025
			25-26	4	57-60	01-2019	FCIC-25025
Insert	1-2		11-12	3	39-40	12-2019	FCIC-25025-1
			25-26	4	57-60	12-2019	FCIC-25025-1
Current Index	1-2					12-2019	FCIC-25025-1
		1-2	1-10			01-2019	FCIC-25025
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			13-24			01-2019	FCIC-25025
			25-26			12-2019	FCIC-25025-1
			27-36			01-2019	FCIC-25025
				1-2	37-38	01-2019	FCIC-25025
				3	39-40	12-2019	FCIC-25025-1
				3	41-43	01-2019	FCIC-25025
				4	44-56	01-2019	FCIC-25025
				4	57-60	12-2019	FCIC-25025-1
				4	61	01-2019	FCIC-25025
				5-9	62-69	01-2019	FCIC-25025

FILING INSTRUCTIONS

This handbook replaces the 2019 Tobacco Loss Adjustment Standards Handbook, FCIC-25025 (01-2019). This handbook is effective for the 2020 and succeeding crop years and is not retroactive to any 2019 or prior crop year determinations.

(iii)   Unless the tobacco remains unsold 60 days after the calendar date for the end of the insurance period, the insured must also deliver and sell all tobacco to an industry recognized receiving station or through a tobacco warehouse that holds auctions where multiple entities are able to bid on tobacco. The sales receipt must identify the bale and price for the bale.

(e)   Any adjustment in PTC will be determined as follows:

   (i)   For production sold prior to 60 days after the end of insurance period:

      (A)   Determining the grade DF for the corresponding grade as specified in the DF chart in the SP;

      (B)   Determining the calculated DF by dividing the price received for tobacco at sale by the non-organic established price (No Practice Specified – 997) and subtracting the result from 1.000;

      (C)   Subtracting from 1.000 the lesser of the grade DF (result of (A) above) or calculated DF (result of (B) above) to determine the QAF; and

      (D)   Multiplying the pounds of damaged tobacco production by the QAF to determine the net PTC.

Example:

Lbs.	AMS Grade	Chart DF	Price Rec'd	Est. Price	Calc. DF	Lesser of chart DF or Calc. DF	QAF (1.000 – DF)	PTC
500	C4G	.600	$1.15	$1.80	.361	.361	.639	320

Note: A claim will not be finalized prior to 60 days after the calendar date for the end of the insurance period unless the tobacco has been sold or destroyed if deemed to have ZMV.

   (ii)   For production that has been graded but remains unsold 60 days after the end of insurance period:

      (A)   Determining the grade DF for the corresponding grade as specified in the DF chart in the SP;

      (B)   Subtracting from 1.000 the lesser of the grade DF or 0.500 to determine the QAF; and

      (C)   Multiplying the pounds of damaged tobacco production by the QAF to determine the net PTC.

Example:

Lbs.	AMS Grade	Chart DF	Price Rec'd	Est. Price	Calc. DF	Lesser of chart DF or Calc. DF	QAF (1.000 – DF)	PTC
500	C4G	.600	NA	NA	.500	.500	.500	250

(f)   Any production which due to an insured cause, AMS has assigned a grade shown on the DF Chart in the SP with a corresponding DF of "**" will be considered to have ZMV. Such production will not be considered PTC if the production is destroyed in a manner acceptable to the AIP. The destruction must result in the production having no possibility of being marketed and has no possibility of any salvage use that could result in any type of compensation to the insured. If the insured chooses not to destroy such production, no adjustment will be made to PTC for quality.

   (i)   For a ZMV determination, the adjuster must, in all cases, physically witness the destruction of any tobacco with an assigned grade shown on the DF Chart in the SP with a corresponding DF of "**" and document in the claim file:

      (A)   Date of destruction;

      (B)   Method in which the tobacco was destroyed;

      (C)   Location where destruction occurred;

      (D)   Photos;

      (E)   Amount of tobacco destroyed;

      (F)   That the AMS stamp has not been removed; and

      (G)   Bale tags from each of the bales being destroyed. The adjuster must verify with the Tobacco Administration Grading Service (TAGS) information from RMA that the number of bales assigned a grade shown on the DF Chart in the SP with a corresponding DF of "**" are destroyed during the on-farm inspection. If fewer bales are actually destroyed than indicated on the TAGS information, the adjuster must determine the disposition of the other bales. Refer to (iii)(A) below.

   (ii)   The procedures for producer self-certification of destroyed production in the LAM are not applicable, and the Certification Form will not be an acceptable form of documentation of destruction.

   (iii)   The following scenarios will apply to the tobacco PTC:

B.   Stand Reduction/Leaf Count Methods (continued)

(b)   When the original plants per acre is above the heavy line, as indicated in exhibit 6, or otherwise calculated to be 6,198 or greater, subtract the average percent plant loss from 110 percent to obtain the percent potential.

(c)   When the original plants per acre is below the heavy line, as indicated in exhibit 6, or otherwise calculated to be less than 6,198, subtract the average percent plant loss from 100 percent to obtain the percent potential. The percent potential cannot exceed 1.000. Enter percent potential (expressed as a 3-place decimal) in item 29 of the Appraisal Worksheet.

Example:

Above Heavy Line	Below Heavy Line
110.0	100.0
- 12% Plant Loss	- 12% Plant Loss
98% Potential	88% Potential

(d)   The potential yield per acre is based on the determination of the number of normal leaves per acre after damage plus the number of leaves yet to emerge (if any), divided by the number of normal leaves required to weigh one pound.

(4)   Leaf Count Procedure:

(a)   In each sample row used to determine stand reduction, select 10 consecutive plants which will produce marketable leaves. When there is a dead plant, missing plant, or plant with no marketable leaves in the row, move to the next plant in the row that will produce marketable leaves to achieve the 10-consecutive plant sample.

(b)   Strip the 10 consecutive live plants of all unmarketable leaves. (For machine harvesting, strip all leaves that will not be machine harvested due to insurable causes.) Count the number of marketable leaves remaining on all 10 plants and record in item 14 on the Tobacco Appraisal Worksheet.

(c)   Examine the leaves counted in (b) above, determine the average size relative to a normal leaf (considering the stage of maturity). Leaf size may vary, and size may be affected by drought, excessive moisture, disease, or cultural practices. If the leaves are not of normal size, determine the appropriate leaf factor to use to convert leaves to normal leaf size, as follows in (5) below.

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B.   Stand Reduction/Leaf Count Methods (continued)

(d)   Using the same 10 plants, count the total number of leaves which normally would be expected to emerge for harvesting, and record in item 17 of the Tobacco Appraisal Worksheet. Take into consideration leafing stages, condition of the stalk, type, variety, and stress from any insured cause of damage.

(e)   Complete Part I Sample Determinations, using the instructions in exhibit 3, items 16 thru 26.

(5)   Mature Tobacco Leaf Computation for All Types:

Measure length and width in inches of the largest leaf, on each of the 10 consecutive live plants in the sample.

(i)   Total the lengths of the largest leaf on the 10 plants and divide by 10.
(ii)   Total the widths of the largest leaf on the 10 plants and divide by 10.
(iii) Multiply the average length, obtained in (i) above, times the average width, obtained in (ii) above, and divide by 371 (sq. in/avg. leaf) = leaf size factor (round to tenths).

Example: 38.0 (average length from 10 plants) x 20.8 (average width from 10 plants) 790.4 ÷ 371 = 2.130 or 2.1 factor. Note: Do not use if plants are not completely mature.

Exhibit 3

Form Standards – Appraisal Worksheet for Stand Reduction

Item Number/Element	Description
1. Company	Name of the AIP, if not preprinted on the worksheet (Company Name).
2. Claim Number	Claim number as assigned by the AIP.
3. Insured's Name	Name of insured that identifies exactly the person (legal entity) to whom the policy is issued.
4. Policy Number	Insured's assigned policy number.
5. FSA Farm Number	FSA Farm Number.
6. Crop Year	Four-digit crop year, as defined in the policy, for which the claim has been filed.
7. Type	Three-digit code number, entered exactly as specified on the actuarial documents for the type grown by the insured; e.g. 011, 014, 023, 035, etc.
8. Total No. Plants Per Acre	The number of plants per acre in the original stand. Complete items 19 (Row Width) and 20 (Spacing). Apply those values to exhibit 6 to determine the number of plants per acre in the original stand and enter in this item.
9. Unit No.	Unit number from the Summary of Coverage after it is verified to be correct.
10. Field No.	Field or subfield identification symbol.
11. No. of Acres	Number of determined acres to hundredths in the field or subfield being appraised.
12. Leaf Stage	Estimate of the number of leaves present per plant at the date of damage.
Part I - Sample Determinations	
13. Percent Plant Loss	Result of subtracting the number of live plants that will produce marketable leaves from 100. When all samples are completed, enter the total for all samples at the bottom of the column. Refer to subparagraph 35B(2).
14. Number Leaves on Ten Stalks	Total number of marketable leaves on 10 consecutive live plants (that will produce marketable leaves) for each sample. Refer to Stand Reduction Method in subparagraph 35B(2) for information on determination of "marketable leaves."
15. Leaf Factor:	Factor, to tenths. For all types, use the Mature Tobacco Leaf Computation instructions found in subparagraph 35 B(5) to determine the appropriate leaf factor. Refer to the Remarks section for documentation requirements.

Exhibit 3
Form Standards – Appraisal Worksheet for Stand Reduction (Continued)

Item Number/Element	Description
16. Number Normal Leaves	Multiply the number of leaves on ten plants (item 14) times the leaf factor (item 15) and round to the nearest tenth.
17. Leaves to Emerge	Total number of leaves which normally would be expected to emerge for harvesting from the same 10 plants.
18. No. of Normal Leaves on Ten Stalks	Sum of number of normal leaves (item 16) and leaves to emerge (item 17). Enter the total for all samples at the bottom of the column.
19. Row Width	Distance between rows (in whole inches) in the original planting pattern. Refer to paragraph 33 for row-width determination information.
20. Spacing	Spacing between plants within each row (in whole inches) in the original planting pattern. Refer to exhibit 6 for instructions.
21. Samples	Number of samples taken in field or subfield.
22. Avg. % Plant Loss	Divide the total of percent plant loss (item 13) by the number of samples (item 21) and round to the nearest tenth.

Exhibit 4

Form Standards - Production Worksheet (Continued)

Item Number/Element	Description
64a. Value (continued)	(3) After the average value per pound has been determined, the value will be the same for each line entry except for tobacco destroyed by fire or ZMV tobacco that has been satisfactorily destroyed, as witnessed by the adjuster. Document the average value calculation in the Narrative. (4) If the average value per pound is equal to or greater than 75 percent of the insured's price election, make no entry. c. ZMV Tobacco (Due to Insured COL) That Has Been Satisfactorily Destroyed: Enter "0.00" to represent ZMV. Refer to paragraphs 16 and 17(8) for additional information. Also, see subparagraph 35D(13). Explain in the Narrative the basis for value of production "Not Sold" or basis of determination for production having no market value; (i.e., ZMV). d. For All Tobacco Types. Refer to the LAM for instructions for determining total value, before and after the fire, when there is double fire coverage; i.e., fire coverage under the FCIC Tobacco crop insurance program and fire coverage under a private fire insurance policy.
64b. MKT Price	a. For Burley and Flue Cured Tobacco Types: Make no entry. b. For All Tobacco Types Other Than Burley and Flue Cured: Strike through the title and enter "Price Election." Enter the insured's price election for the type of tobacco.
65. Quality Factor	The insured must give the AIP the opportunity to inspect any production prior to the insured disposing of it. If the insured failed to notify and provide the AIP the opportunity to inspect such tobacco, document on a Special Report that the insured had sold, contracted, or otherwise disposed of the tobacco prior to inspection. Such production cannot be quality adjusted. Refer to paragraph 17 for further information. a. For All Tobacco Types Other Than Burley and Flue Cured: Enter the 3-digit QAF determined by dividing 64a by 64b. b. For Burley and Flue Cured Tobacco: 1.000 minus the applicable DF for the AMS assigned grade obtained from the SP or calculated from the price sold. See paragraph 16(2)(e).

Exhibit 4

Form Standards - Production Worksheet (Continued)

Item Number/Element		Description
65.	Quality Factor (continued)	No QA will be made on any production which has been assigned a grade that does not appear on the DF Chart in the SP. Refer to subparagraph 35D(13) for ZMV tobacco in the barn.
66.	Production to Count	a. If QA does not apply, transfer entry from column 63. b. If QA does apply, multiply column 63 by column 65, rounding to the nearest whole pound.
67.	Total of Column 63	Total of column 63. If no entry in column 63, make no entry.
For items 68 – 72. When separate line entries are made for varying share, stages, APH yields, projected price or harvest price, types, etc., within the unit, and totals need to be kept separate for calculating indemnities, make no entry and follow the AIP's instructions; otherwise, make the following entries.		
68.	Section II Total:	**Preliminary:** Make no entry. **Final:** Total of column 66.
69.	Section I Total	**Preliminary:** Make no entry. **Final:** Enter figure from Section I, column 38 total.
70.	Unit Total	**Preliminary:** Make no entry**.** **Final:** Total of Column 68 and 69.
71.	Allocated Prod	Refer to the LAM for instructions for determining allocated production. Enter the total production, rounded to whole pounds, allocated to this unit that is included in Sections I or II of the PW. Document how allocated production was determined and record supporting calculations in the Narrative or on a Special Report.
72.	Total APH Prod.	Result of subtracting the total of column 37 (item 42 "Totals") and item 71 (Allocated Prod.) from item 70 (Unit Total). If no entries in Column 37 and item 71, transfer the entry in item 70. Make no entry when separate APH yields are maintained by type, practice, etc., within the unit.
73.	Insured's Signature and Date	Insured's (or insured's authorized representative's) signature and date. Before obtaining the signature, review all entries on the PW with the insured (or insured's authorized representative), particularly explaining codes, etc., that may not be readily understood. Final indemnity inspections should be signed on bottom line.

Exhibit 4

Form Standards - Production Worksheet (Continued)

Item Number/Element	Description
74. Adjuster's Signature, Code #, and Date	Signature of adjuster, code number, and date signed after the insured (or insured's authorized representative) has signed. For an absentee insured, enter adjuster's code number only. The signature and date will be entered after the absentee has signed and returned the PW. Final indemnity inspections should be signed on bottom line.
75. Page	**Preliminary:** Page numbers – "1," "2," etc., at the time of inspection. **Final:** Page numbers - (Example: Page 1 of 1, Page 1 of 2, Page 2 of 2, etc.).

Exhibit 4

Form Standards – Production Worksheet (Continued)

1. Crop/Code #	2. Unit #	3. Location Description	7. Company	ANY COMPANY	8. Name of Insured
FLUE CUREDTOBACCO 0229	0001-0001 BU	FN 145	Agency	ANY AGENCY	I.M. INSURED

4. Date(s) of Damage	JUN	JUL 10				9. Claim # XXXXXXXX	11. Crop Year YYYY

5. Cause(s) of Damage	DROUGHT	HAIL			10. Policy # XXXXXXX

6. Insured Cause %	85	15		14. Date(s) Notice of Loss	1st MM/DD/YYYY	2nd MM/DD/YYYY	Final MM/DD/YYYY

12. Additional Units	0002-0000BU	

13. Est. Prod. Per Acre	1500	15. Companion Policy(s)

SECTION I – DETERMINED ACREAGE APPRAISED, PRODUCTION AND ADJUSTMENTS

A. ACTUARIAL   **B. POTENTIAL YIELD**

16. Field ID	17. Multi-Crop Code	18. Reported Acres	19. Determined Acres	20. Interest or Share	21. Risk	22. Type	23. Class	24. Sub-Class	25. Intended Use	26. Irr Practice	27. Cropping Practice	28. Organic Practice	29. Stage	30. Use of Acreage	31. Appraised Potential	32a. 32b. Moisture % Factor	33. Shell %, Factor, or Value	34. Production Pre QA	35. Quality Factor	36. Production Post QA	37. Uninsured Causes	38. Total to Count
A	NS		5.00	1.000		022					997		P	PLOWED WOC							10,685	10,685
B	WI		3.00	1.000		022					997		UH	TO SOYBEANS	349			1,047		1,047		1,047
C	NS		20.00	1.000		022					997		H	H								

39. TOTAL	28.00	40. Quality: TW ☐ KD ☐ Aflatoxin ☐ Vomitoxin ☐ Fumonisin ☐ Garlicky ☐ Dark Roast ☐ Sclerotinia ☐ Ergoty ☐ CoFo ☐ Other ☒ None ☐ 41. Mycotoxins exceed FDA, State or other health organization maximum limits. Yes ☐	42. TOTALS	1,047		1,047	10,685	11,732

NARRATIVE (If more space is needed, attach a Special Report) Field A plowed without consent. See attached aerial photos. Acres determined by adjuster with GPS. See special report for stalk inspection. Attached AMS grade certificates for assigned grades.

1st line: AMS grade is B5KL – .400 chart DF. Production sold for $1.00/lb. ==Established Price==$1.80. 1.000 – ($1.00/$1.80 = .556) = .444 DF. .400 DF less than .444. 1.000 – .400 = .600 QAF

2nd line: AMS grade is C4KF – .200 chart DF. Production sold for $1.50/lb. ==Established Price== $1.80. 1.000 – ($1.50/$1.80 = .833) = .167 DF. .167 DF less than .200. 1.000 – .167 = .833 QAF

3RD line: 1000 lbs. of tobacco graded NO-G due to blue mold. Adjuster physically witnessed destruction. QAF = .000

SECTION II – DETERMINED HARVESTED PRODUCTION

43. Date Harvest Completed MM/DD/YYYY	44. Damage similar to other farms in the area? Yes ☐ No X	45. Assignment of Indemnity Yes ☐ No X	46. Transfer of Right to Indemnity? Yes ☐ No X

A. MEASUREMENTS   **B. GROSS PRODUCTION**   **C. ADJUSTMENTS TO HARVESTED PRODUCTION**

47a. 47b. Share Field ID	48. Multi-Crop Code	49. Length or Diameter	50. Width	51. Depth	52. Deduc-tion	53. Net Cubic Feet	54. Conver-sion Factor	55. Gross Prod.	56. Bu Ton (Lbs.) CWT	57. Shell/ Sugar Factor	58a. 58b. FM% Factor	59a. 59b. Moisture % Factor	60a. 60b. Test WT Factor	61. Adjusted Production	62. Prod. Not to Count	63. Production Pre-QA	64a. 64b. Value Mkt. Price	65. Quality Factor	66. Production to Count
	NS	TRI-COUNTY TOBACCO CO.							15,000					15,000		15,000		.600	9,000
	NS	TRI-COUNTY TOBACCO CO.							16,000					16,000		16,000		.833	13,328
	NS	ZMV TOBACCO - DESTROYED							1,000					1,000		1,000		.000	0.00

	67. TOTAL	32,000	68. Section II Total	22,328
			69. Section I Total	11,732
			70. Unit Total	34,060
			71. Allocated Prod.	
			72. Total APH Prod.	23,375

This form example does not illustrate all required entry items (e.g., signatures, dates, etc.).