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SMALL GRAINS LOSS ADJUSTMENT STANDARDS HANDBOOK

2022 and Succeeding Crop Years

**UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250**

TITLE: SMALL GRAINS LOSS ADJUSTMENT STANDARDS HANDBOOK	NUMBER: 25430 (06-2015) 25430-1 (06-2021)
EFFECTIVE DATE: 2022 and Succeeding Crop Years	ISSUE DATE: June 29, 2021
SUBJECT: Provides the procedures and instructions for administering the Small Grains crop insurance program	OPI: Product Administration and Standards Division
	APPROVED: <i>/S:/ John W. Underwood for</i> 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. Changes pertaining to corrections of reference numbers, formatting, etc., are not listed or marked.

1. **Paragraph 12:** Added language related to multi-county enterprise units.
2. **Subparagraph 13A(12):** Added moisture adjustment reference to Special Provisions to align with language added in the Small Grains Crop Provisions.
3. **Subparagraph 13C:** Replaced Malting Barley Price and Quality Endorsement language, no longer applicable, with Malting Barley Endorsement, where applicable.
4. **Subparagraphs 13D(1), 22(1)(g) and 22(2):** Replaced “fall” with “winter,” in reference to final planting dates, to align with replacement of “fall” with “winter” in the Small Grains Crop Provisions.
5. **Exhibit 2:** Modified definitions of “Khorasan” and “Small Grains” to align with modifications in the Small Grains Crop Provisions.

SMALL GRAINS LOSS ADJUSTMENT STANDARDS HANDBOOK

CONTROL CHART

Small Grains Loss Adjustment Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Remove	1-4		3-6 9-10			06-2015	FCIC-25430
						06-2015	FCIC-25430
				2	25	06-2015	FCIC-25430
				3	26	06-2015	FCIC-25430
Insert	1-2		3-6 9-10			06-2021	FCIC-25430-1
						06-2021	FCIC-25430-1
				2	25	06-2021	FCIC-25430-1
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Current Index	1-4	1-2	1-2			06-2021	FCIC-25430-1
			3-6			06-2015	FCIC-25430
			7-8			06-2021	FCIC-25430-1
			9-10			06-2015	FCIC-25430
			11-23			06-2021	FCIC-25430-1
				1	24	06-2015	FCIC-25430
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				3	26	06-2021	FCIC-25430-1
	3-32	27-98	06-2015	FCIC-25430			

FILING INSTRUCTIONS

The handbook pages listed in the Control Chart, above, under the “Insert” heading replace such pages in 2016 Small Grains Loss Adjustment Standards Handbook, FCIC-25430 (06-2015). This handbook is effective for the 2022 and succeeding crop years and is not retroactive to any 2021 or prior crop year determinations.

PART 2 POLICY INFORMATION

The AIP determines the insured has complied with all policy provisions of the insurance contract. The Small Grains CP, which are to be considered in this determination include (but are not limited to):

11 Insurability

The following may not be a complete list of insurability requirements. Refer to the BP, the Small Grains CP, and the SP for a complete list.

- (1) The crop insured will be each Small Grain the insured elects to insure in the county in which the insured has a share, for which premium rates are provided by the actuarial documents; and
 - (a) That is planted for harvest as grain (a grain mixture in which barley or oats is the predominate grain may also be insured if allowed by the Barley or Oat SP, or if a written agreement allows insurance for such mixture. The crop insured will be the grain which predominates in the mixture. The production from such mixture will be considered as the predominate grain on a weight basis); and
 - (b) Buckwheat will be insured only if it is produced under a contract with a business enterprise equipped with facilities appropriate to handle and store buckwheat production. For buckwheat, that is grown under, and in accordance with, the requirements of a processor contract executed on or before the acreage reporting date (the insured must provide a copy of all processor contracts to the AIP on or before the acreage reporting date) and is not excluded from the processor contract at any time during the crop year (Refer to the LAM and the SP for information on determining the insurable acreage and production guarantee when a processor contract is in force.); and
 - (c) That is not, unless insurance is allowed by written agreement:
 - (i) Interplanted with another crop, except as allowed in (1) (a), above;
 - (ii) Planted into an established grass or legume; or
 - (iii) Planted as a nurse crop, unless planted as a nurse crop for new forage seeding but only if seeded at a normal rate and intended for harvest as grain.

The insured's request for a written agreement to insure such crop must be in writing, and submitted to the AIP not later than 15 days after the acreage reporting date.

Refer to the SP for additional criteria in establishing insurability.

11 Insurability (Continued)

- (2) Any production harvested from plants growing in the insured crop may be counted as production of the insured crop on a weight basis.
- (3) Any acreage of the insured crop damaged before the final planting date, to the extent that the growers in the area (surrounding area for oats, rye, and flax) would normally not further care for the crop, must be replanted unless the AIP agrees that replanting is not practical. Refer to the LAM for replanting provision issues. Refer to Part 3 of this handbook for replanting payment procedures.
- (4) A late planting period is applicable to small grains, except to any winter barley or wheat acreage covered under the terms of the Wheat or Barley Winter Coverage Endorsement.
- (5) Buckwheat insurable acreage will be:
 - (a) For acreage only based processor contracts and acreage and production-based processor contracts which specify a maximum number of acres, the lesser of:
 - (i) The planted acres; or
 - (ii) The maximum number of acres specified in the contract.
 - (b) For production only based processor contracts, the lesser of:
 - (i) The number of acres determined by dividing the production stated in the processor contract by the approved yield; or
 - (ii) The planted acres.

12 Unit Division

Refer to the insurance contract for unit provisions. Unless limited by the CP or SP, a basic unit, as defined in the BP, may be divided into optional units if, for each optional unit, all the conditions stated in the applicable provisions are met.

For information on Enterprise, **Multi-County Enterprise**, and Whole-Farm units, refer to the LAM.

13 Small Grains Quality Adjustment

A. General Information

- (1) Refer to the LAM for information on speculative type contract prices in quality adjustment. The Quality Adjustment Factor cannot be greater than 1.000 or less than zero (.000).

13 Small Grains Quality Adjustment (Continued)

- (2) Refer to the LAM for instructions on who can obtain samples for grading, and who can make determinations of deficiencies, conditions and substances that would cause the crop to qualify for quality adjustment.
- (3) Document quality adjustment information as described in the instructions for the Narrative section of the production worksheet (exhibit 6), or on a Special Report.
- (4) For additional quality adjustment definitions, instructions, qualifications, sampling requirements, graders, and testing requirements, refer to the LAM and the Official United States Standards for Grain. Refer to the LAM and State Grading Standards for buckwheat standards.
- (5) The adjuster must refer to the SP to determine if production is eligible for quality adjustment as identified in the Small Grains CP.
- (6) Quality adjustment discount factors for U.S. grades specified in the SP will also apply to hull-less barley and hull-less oats at the same levels applicable to barley/oats.
- (7) Small Grains production is also eligible for quality adjustment if substances or conditions are present that are identified by the Food and Drug Administration or other public health organizations of the United States as being injurious to human or animal health.
- (8) When due to insurable cause(s), use of quality adjustment for small grains is handled by determining the appropriate discount factors from the SP, summing them together, if applicable, and subtracting from 1.000 to get the applicable Quality Adjustment Factor (percent of production to count). Refer to the SP for chart discount factors, instructions for calculating non-chart discount factors, and other discounts allowed. Also, refer to the LAM for examples and guidance in determining reduction-in-values (RIV's) needed to calculate non-chart discount factors. Refer to the SP for quality adjustment determination for buckwheat.
- (9) If a local market cannot be found for the small grains, refer to the LAM.
- (10) For small grains for which RIV's apply, and which can be conditioned/reconditioned, refer to the Quality Statements in the SP and the LAM for instructions.
- (11) Refer to the LAM for special instructions regarding mycotoxin infected grain.
- (12) Moisture adjustment is applied prior to applying any qualifying adjustment for quality such as test weight, kernel damage, etc. Moisture adjustment charts are provided in exhibits 22 - 25, or as otherwise provided in the Special Provisions.

13 Small Grains Quality Adjustment (Continued)

- (13) For specialty use barley, quality adjustment will be provided as specified in the CP and SP. Specialty trait barley will be quality adjusted as All Others barley. The discount factor (DF) charts in the SP, or the reduction in value (RIV) and local market price (LMP) for All Others barley, as applicable, will be used for quality adjustment purposes, without regard to any contract price for the specialty type insured. No additional quality adjustment will be made for any specialty type.

B. Federal or State Ordered Destruction

Under section 15 (j) of the Basic Provisions, if due to insured causes, a Federal or State agency has ordered the appraised insured crop or production to be destroyed, on the production worksheet enter the factor “.000” in column 35 for appraised production or column 65 for harvested production, as applicable. Instruct the insured to complete and submit a Certification Form stating the date the crop or production was destroyed and the method of destruction (refer to item 40 and the Narrative in the production worksheet instructions). Also, refer to the LAM for additional information. Otherwise, make no entry.

*** C. Malting Barley Endorsement

*** Refer to the Malting Barley Endorsement Insurance Standards Handbook for instructions for malting barley **insured under this endorsement.**

D. Wheat or Barley – Winter Coverage Endorsement

- *** (1) The Winter Coverage Endorsement is available only in counties for which the SP designate both **winter** and spring final planting dates and for which the actuarial table provides a premium rate for this coverage.
- (2) Whenever any winter wheat or barley is damaged during the insurance period and at least 20 acres or 20 percent of the insured planted acreage in the unit, whichever is less, does not have an adequate stand to produce at least 90 percent of the production guarantee, the insured may take one of the following options:
- (a) Destroy the remaining crop on such acreage, and accept an appraisal for the damaged acreage that will count against the unit guarantee, in accordance with the Small Grains CP. (This acreage may be used for any purpose; including planting and separately insuring another crop if insurance is available. If the insured elects to plant such acreage to a spring type of the same crop, they must elect whether to insure the crop at the time the winter crop is released, and pay additional premium for the insurance. This planted acreage will be considered as a separate unit from the original winter wheat or barley unit);

22 Qualifications for Replanting Payment (Continued)

- (d) bushel per acre appraisal (or appraisal plus any appraisals for uninsured causes of loss) must be less than 90 percent of the per acre production guarantee for the acreage the insured intends to replant (Refer to Part 4, “Small Grains Appraisals”);
- (e) amount of acreage replanted must be at least the lesser of 20 acres or 20 percent of the insured planted acreage for the unit (as determined on the final planting date or within the late planting period if a late planting period is applicable);

Any acreage planted after the end of the late planting period will not be included when determining if the 20 acres or 20 percent qualification is met. Refer to the LAM.

- (f) acreage must have been initially planted to spring type of the insured crop in those counties with only a spring final planting date;

- (g) damage must occur after the winter final planting date in those counties where both a winter and spring final planting date are designated. If the SP provide more than one winter final planting date, the winter final planting date applicable to policies with the Wheat or Barley Winter Coverage Endorsement will be used for this purpose, regardless of whether or not the endorsement is actually in effect;

- (h) replanted crop must be seeded at a rate sufficient to achieve a total (undamaged and new seeding) plant population that will produce at least the yield used to determine the production guarantee;

- (i) insured must comply with any winter coverage endorsement if it has been elected;

- (j) AIP has given consent to replant.

- (2) Acreage initially planted to winter type of the insured crop (including rye) in any county for which the SP contain only a winter final planting date (including final planting dates in December, January, and February) will not be allowed a replanting payment.

In the Narrative of the production worksheet or on a Special Report, show the bushel per acre appraisal for each field or subfield and the calculations to document that qualifications for a replanting payment have been met.

23 Maximum Replanting Payment

The maximum amount of the replanting payment per acre will be the lesser of:

- (1) 20 percent of the production guarantee times the price election for oats, flax, or buckwheat or the projected price for wheat or barley, times the insured share; or
- (2) the maximum bushels allowed in the policy (4 bushels for wheat, 2 bushels for flax or buckwheat, 5 bushels for barley or oats) multiplied by the price election for oats, flax, or buckwheat or the projected price for wheat or barley, times the insured share.

Compute the number of bushels per acre allowed for a replanting payment as follows. Show all calculations in the Narrative of the production worksheet or on a Special Report.

Example 1: Owner/operator (100 percent share)
30 acres wheat replanted
20% of prod. guar. (25.0 bu. x 20%) = 5.0 bu. x 1.000 (share) = 5.0 bu.
4.0 bu. (maximum bu. allowed in policy) x 1.000 (share) = 4.0 bu.
The lesser of 5.0 and 4.0 is 4.0
Bushels per acre allowed = 4.0 bu.
Enter the number of bushels per acre allowed (4.0 bu.) in Section I, column 31, “Appraised Potential” of the production worksheet.

Example 2: Landlord/tenant 50/50 share
30 acres wheat replanted
20% of prod. guar. (25.0 bu. x 20%) = 5.0 bu. x .500 (share) = 2.5 bu.
4.0 bu. (maximum bu. allowed in policy) x .500 (share) = 2.0 bu.
The lesser of 2.5 and 2.0 is 2.0
Bushels per acre allowed = 2.0 bu.

Enter the number of bushel allowed (2.0 bu.) if share has been applied, or the number of bushels allowed (4.0 bu.) if share has yet to be applied in Section I, column 31, “Appraised Potential” of the production worksheet. (Follow individual AIP guidelines). Indicate in the Narrative if bushels allowed for replanting have/have not been reduced for share on production worksheet according to individual AIP guidelines.

24 Replanting Payment Inspections

Replanting payment inspections are to be prepared as final inspections on the production worksheet only when qualifying for a replanting payment. Non-qualifying replanting-payment inspections (unless the claim is withdrawn by the insured) are to be handled as preliminary inspections. If qualified for a replanting payment, a Certification Form may be prepared on the initial farm visit. Refer to the LAM.

25-30 (Reserved)

Definitions

Harvest - Combining or threshing the insured crop for grain or cutting for hay or silage on any acreage. A crop which is swathed prior to combining is not considered harvested.

Headed - When the plant's head has emerged from the leaf sheath and is visible to the naked eye.

Heading - At least 50 percent of the crop has headed.

Khorasan - The common name for a variety of wheat (*triticum turanicum*) that is marketed under trademarks such as Kamut. Khorasan is considered spring wheat for the purposes of the crop provisions.

Local Market Price - The cash grain price per bushel for the applicable quality level indicated below and offered by buyers in the area in which the insured normally markets the insured crop. The local market price will reflect the maximum limits of quality deficiencies allowable for the applicable quality level indicated below. Factors not associated with the specified quality levels, including but not limited to protein, oil or moisture content, or milling quality will not be considered.

(a) U.S. No. 2 for Wheat (subclass hard amber durum for durum wheat and subclass northern spring for hard red spring wheat), except Khorasan; barley (including hull-less barley); oats (including hull-less oats); rye; and flax.

(b) The quality factor levels required for durum wheat to grade U.S. No. 2 for Khorasan.

(c) No. 2 grade buckwheat determined in accordance with the applicable state grading standards or for states without state grading standards, refer to the SP.

Nurse crop (companion crop) - A crop planted into the same acreage as another crop, that is intended to be harvested separately, and which is planted to improve growing conditions for the crop with which it is grown.

Small Grains - Wheat including only common wheat, club wheat, durum wheat and Khorasan; barley, including hull-less barley and excluding black barley; oats, and hull-less oats; rye; flax; and buckwheat, or as otherwise specified in the actuarial documents.

Swathed - Severance of the stem and grain head from the ground without removal of the seed from the head and placing into a windrow.

Form Standards – Appraisal Worksheet for Wheat, Barley, Oats, and Rye

Verify and/or make the following entries for each appraisal worksheet element/item number. A completed appraisal worksheet example is at the end of this exhibit. For general form standards and other general information, see subparagraph 2D and paragraph 36.

Element/Item Number	Standard
Company	Name of AIP if not preprinted on the worksheet (Company Name).
Claim Number	Claim number as assigned by the AIP.
1. Insured's Name	Name of the insured that identifies exactly the person (legal entity) to whom the policy is issued.
2. Policy Number	Insured's assigned policy number.
3. Unit Number	Unit number from the Summary of Coverage after it is verified to be correct.
4. Crop	Barley Feed, Barley Malt, Oats, Rye, or Wheat.
5. Crop Year	Four-digit crop year, as defined in the policy, for which the claim is filed.
Part I – Before Heading	
For samples not yet tillered, partially tillered and where tillering is complete. After a small grain has reached the heading stage, use Part II.	
6. Field ID	Field or subfield identification symbol.
7. Drill Space	Row width to nearest one-half inch. If broadcast, enter "B." Refer to Part 4, Paragraph 33 for row width determination information.
8. Tillering Incomplete Column No. Plants	Number of live plants capable of producing grain in each sample where tillering is incomplete. If tillering is complete on the sample, make no entry.
9. Total	Total number of plants in all samples from item 8.
10. Tiller Factor	Using the Tiller Factor (exhibit 16) convert single plant counts to tillers to count for the type of small grain being appraised. Document in the remarks section or on a Special Report the type of wheat being appraised.
11. Tillers to Count	Multiply total plants (item 9) by tiller factor (item 10) and enter to the nearest whole number.
12. Tillering Completed Column No. Tillers	Number of live tillers capable of producing grain in each sample where tillering is complete. If tillering is incomplete on the sample, make no entry. Scattered late seedlings in the sample row are to be counted as one tiller per seedling.
13. Total	Total number of tillers in all samples from item 12.
14. Total No. Tillers	Sum of items 11 and 13.
15. Total No. of Plots	Total number of sample plots in item 8 and 12.
16. Avg. No. Tillers	Results of dividing item 14 by item 15, rounded to the nearest tenth.