



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

INFORMATIONAL MEMORANDUM

TO: All Reinsured Companies
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 7-18-00
Administrator

SUBJECT: Claims Advisory - Stand Reduction Appraisals on Drought Damaged Cotton

ISSUE:

The Risk Management Agency (RMA) has received numerous allegations that some insurance providers are not counting all “live” plants as they perform stand reduction appraisals and release cotton acreage in Georgia. Recently the University of Georgia Cooperative State Research, Education and Extension Service (CSREES) issued a memo to County Agents in Cotton Counties on Crop Insurance Questions. This memo was **NOT** reviewed or approved by RMA and is **not** Federal Crop Insurance Corporation (FCIC) approved procedure.

DISCUSSION:

“Live” is defined in the AUP & ELS Cotton Loss Adjustment Standards Handbook, FCIC 25090, as “plants that are capable of recovery and **can timely** contribute lint cotton to the ultimate yield at the time of harvest.” RMA will continue to monitor, in conjunction with insurance providers and CSREES, crop conditions throughout drought impacted areas in order to determine if procedural deviations are necessary prior to the end of the current crop year.

This Informational Memorandum is being issued to: 1) advise insurance providers of these allegations and 2) reinforce that FCIC approved loss adjustment procedure requires each “live” cotton plant (that will contribute to the ultimate yield) be counted when the stand reduction appraisal method is performed.



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All Programs Authorized Under the Federal Crop Insurance Corporation

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Insurance providers are reminded appraisals are performed to determine production potential on the day of the appraisal and assume normal growing conditions for the balance of the crop year. When performing the stand reduction appraisal method for cotton, all “live” plants must be counted in accordance with existing procedure. The Cotton Crop Provisions (99-021), Section 10 (c)(1)(iv)(A), provides: “If you do not elect to continue to care for the crop we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us (The amount of production to count for such acreage will be based on the harvested production or appraisals from the strips at the time harvest should have occurred....)”

DISPOSAL DATE:

This Informational Memorandum is providing information and does not change existing policy or procedure. The disposal date is December 31, 2000.