



July 14, 2015

United States
Department of
Agriculture

Risk
Management
Agency

Oklahoma City
Regional Office

215 Dean A
McGee
Suite 342
Oklahoma City,
Oklahoma 73102

Telephone:
(405) 879-2700

Fax:
(405) 879-2741

TO: All Approved Insurance Providers Writing in the States of New Mexico, Oklahoma, or Texas

FROM: Collin Olsen /s/ *Collin Olsen*
Acting Director, Oklahoma City Regional Office

Subject: Zero Market Value for Wheat

BACKGROUND

Weather conditions this year have made the wheat begin to sprout and numerous elevators in the region are not accepting this wheat. Approved Insurance Producers (AIPs) have requested assistance with locating markets for the damaged crop. Because the acceptance by elevators is changing daily, a lack of markets for this wheat may be likely. Zero market value occurs when no buyers in your local areas are willing to purchase the production and fair consideration to deliver production to a market outside your local marketing area (distant market) is equal to or great than the production's value at the distant market.

ACTION

Please refer to the following sections in the 2015 Special Provisions of Insurance for requirements on how adjust the claims.

6. ZERO MARKET VALUE

If on the date of final inspection for the unit, any production which due to insurable causes is determined to have zero market value, such production will not be considered production to count if the production is destroyed in a manner acceptable to us (see section D). Fair consideration may be used in the determination of zero market value, except for production fed or used in any other manner.

7. REDUCTION IN VALUE (RIV)

RIVs must be reasonable, usual and customary. No RIV will be made or accepted by us if it is due to:

- Moisture content;
- Damaged due to uninsurable causes;
- Drying;
- Handling;
- Processing; or
- Any other costs associated with normal harvesting, handling, and marketing of the production.
 - RIVs cannot be used in combination with chart discount factors (DF); and

- RIVs may be increased by fair consideration to deliver production to the distant market.

SECTION A – DISCOUNT FACTOR CHARTS

Discount factors are determined by using the following charts:

- Grade Discount;
- Test Weight Discount;
- Damage Discount;
 - Specifically addresses sprout damage.
- Falling Numbers Discount;
- Special Grade Discounts; and
- Sample Grade Discounts.

SECTION D – ZERO MARKET VALUE PRODUCTION

The insured quality deficiencies are as follows:

- DF will be 1.000 if production destroyed in a manner acceptable; and
- If production is not destroyed, production to count is no longer considered zero market value.

Additional information concerning quality may be found on the Special Provision for Insurance for your specific state and county at:

prodwebnlb.app.rm.usda.gov/apps/ActuarialInformationBrowser2015/CropCriteria.aspx.

If you have any questions or concerns, please contact the Oklahoma City Regional Office, 215 Dean A. McGee, Suite 342, Oklahoma City, OK 73201 or call (405) 879-2700.