

## **MGR-20-004: Emergency Loss Procedures for 2019 Crop Year Crops Flooded Above the Edible Portion**

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Date

March 6, 2020

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Martin R. Barbre, Administrator

Subject

Emergency Loss Procedures for 2019 Crop Year Crops Flooded Above the Edible Portion

### **Background**

Excessive precipitation in 2019 caused flooding in many counties in Minnesota, Missouri, North Dakota, and South Dakota. A significant number of unharvested cropland acres were flooded above the edible portion resulting in production that is “adulterated” under the Federal Food, Drug, and Cosmetic Act and may be injurious to human or animal health.

The Risk Management Agency (RMA), in conjunction with Approved Insurance Providers (AIPs), recognize the need for authorizing emergency procedures that will streamline certain loss determinations and destruction of adulterated production, accelerating the adjustment of losses and issuance of indemnity payments to crop insurance policyholders in impacted areas.

# Action

RMA authorizes the use of these emergency procedures to all counties in Minnesota, Missouri, North Dakota, and South Dakota.

Application of these emergency procedures is limited to those situations where the catastrophic nature of the losses due to flooding or excess precipitation is such that not authorizing these emergency procedures could result in claim settlement delays.

RMA is authorizing the following emergency procedures for AIPs to utilize, on a case-by-case basis, to assist impacted policyholders and increase the efficiency of the claims process.

(1) For all claims utilizing these emergency procedures, AIPs must:

(a) Submit all information with a simplified claim flag of “F” through the Policy Acceptance and Storage System (PASS) for applicable record types in Appendix III of the Standard Reinsurance Agreement (SRA); and

(b) Document in each claim folder that these emergency procedures were applied. Record in the Narrative of the Production Worksheet (PW): “Emergency procedures applied per MGR-20-004.”

(c) Follow procedures found in subparagraphs 1108 and 1102H(3) of the 2019 Loss Adjustment Manual (LAM) on Flooded Crops and Zero Market Value (ZMV) Production.

(d) During the on-the-farm inspection, AIPs may finalize claims based on policyholder’s signed certification that the production will be destroyed. This certification may be included in the Narrative of the PW or on a separate certification form. The policyholder must sign and date the certification statement stating:

“I acknowledge my crop has been exposed to flood waters and is considered adulterated in accordance with FDA guidelines and:

(i) All such production will be destroyed in accordance with any applicable method prescribed by State or Federal regulations, as soon as possible but no later than May 15, 2020, unless an extension has been granted by my AIP.

(ii) I understand that if any portion of my ZMV production is salvaged (sold, fed, etc.), I will notify my AIP immediately, which will result in an adjusted claim and repayment of any overpaid indemnity.

(iii) I understand that I am responsible for maintaining photographic evidence, with the date and location identified, to verify the destruction. I understand that I am required to maintain this evidence for three years from the date of destruction.”

(2) AIPs may use reported acres certified on the acreage report as determined acres for claim purposes, unless:

(a) Acceptable measured acres as defined in the 2019 LAM are readily available (e.g., acreage measured during a previous inspection, precision farming records available, etc.); or

(b) The loss adjuster can make a visual observation at the time of loss adjustment and it is determined the reported acres certified on the acreage report appear unreasonable. In this case, the acreage must be determined according to 2019 LAM procedures. If the loss adjuster is unable to make a visual observation at the time of loss adjustment and the acreage seems excessive compared to historically reported acreage, then use the acreage from past crop insurance measurements, precision farming records, previous acreage reports, Farm Service Agency (FSA) acreage reports, crop insurance claims, etc., to determine the acreage for the claim.

**Note:** Current FCIC-issued loss adjustment procedures do not require the use of FSA documents, such as aerial photos, FSA-578, etc., to verify crop acreage or share.

**DISPOSAL DATE:**

December 31, 2020