

## **MGR-23-002: Emergency Procedures for Crops Damaged by Excessive Rainfall and Catastrophic Flooding**

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Date

July 21, 2023

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Marcia Bunger, Administrator /s/ Marcia Bunger

Subject

Emergency Procedures for Crops Damaged by Excessive Rainfall and Catastrophic Flooding

### **Background**

Excessive rainfall has caused catastrophic flooding in the Northeast United States. The Risk Management Agency (RMA) recognizes the need for authorizing emergency procedures to streamline certain determinations, including the destruction of adulterated production, to accelerate the adjustment of losses and issuance of indemnity payments to crop insurance policyholders in impacted areas.

The local infrastructure for normal day-to-day activities has and will continue to be disrupted as recovery progresses. Due to the destruction of power lines and the limited ability to travel in the impacted areas, many policyholders may be unable to communicate with their agents to report losses within the 72-hour requirement or may have been unable to report acreage by the acreage reporting date as specified in Sections 6 and 14 of the Common Crop Insurance Policy, Basic Provisions.

# Action

RMA authorizes the use of these emergency procedures for all counties in Connecticut, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont.

Application of these emergency procedures is limited to those situations where the catastrophic nature of the losses due to excessive rainfall or flooding is such that not authorizing these emergency procedures will result in unnecessary delays in administering the crop insurance program.

RMA is authorizing the following emergency procedures for Approved Insurance Providers (AIPs) to utilize, on a case-by-case basis, to assist impacted policyholders and increase the efficiency of making loss determinations:

(1) If an AIP elects to use these emergency flexibilities, AIPs must record that these flexibilities were applied per MGR-23-002.

(2) For all claims utilizing these emergency loss adjustment procedures, AIPs must:

(a) Submit all information through the Policy Acceptance and Storage System (PASS) for applicable Appendix III to the Standard Reinsurance Agreement (SRA) record type P-21 with a simplified claim flag of "F"; and

(b) Document in each claim folder that these emergency loss adjustment procedures were applied. Record in the narrative of the Production Worksheet (PW): "Emergency Loss Adjustment procedures applied per MGR-23-002."

(3) In lieu of the requirements to report damage within 72 hours, RMA authorizes AIPs to consider individual circumstances in accepting delayed notices of loss in accordance with the Loss Adjustment Manual (LAM) Standards Handbook (FCIC-25010). Delayed notices of loss or delayed claims attributable to the excessive rainfall or flooding do not require completion of the special report normally required by the LAM. Instead, document such in the narrative of the PW.

(4) In lieu of unreported acreage procedures in LAM Paragraph 633, RMA authorizes AIPs to inspect and accept liability for unreported acreage after a loss situation has occurred and without meeting the 90 percent of yield appraisal requirements. Acceptance of unreported acreage should be limited to situations where producers

were unable to meet the deadline for acreage reporting due to excessive rainfall or flooding. Document acceptance in the narrative of the PW.

(5) 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 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 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 Federal Crop Insurance Corporation (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.

(6) Notifications may be sent electronically between the policyholder and their AIP/agent. Policyholders may provide policy-related information over the phone or by electronic methods to select policy elections by Production Reporting Date (PRD), Acreage Reporting Date (ARD), and Sales Closing Date (SCD). Policyholders and AIP/agents should retain appropriate documentation of the call or electronic communication. This authority also extends to options, endorsements, and other forms with PRD, ARD, or SCD deadlines.

If the policyholder sends their reports in such a manner, they will be required to either sign digitally at the time of their report submission or follow up with a properly signed form(s) no later than 60 calendar days after the initial reporting deadline provided in the actuarial documents.

(7) For crops (other than Nursery) destroyed or damaged to the extent they will never be harvested (e.g., unable to mechanically harvest):

(a) On the entire unit:

(i) Complete the PWs, reflecting zero production to count; and

(ii) An appraisal worksheet is not required.

(b) On part of the unit, field, or subfield:

(i) Estimate the acreage in the field or subfield based on the certified acreage from the acreage report (refer to (5) above);

(ii) Complete the PWs, reflecting zero production to count for the destroyed/unharvestable field; and

(iii) An appraisal worksheet is not required on the destroyed/unharvestable acreage.

**Note:** This procedure only applies in situations where the crop is destroyed or damaged to the extent it will never be harvested. It does not apply in cases where the policyholder chooses not to harvest marketable production.

(8) In cases where the policyholder has requested to put the acres to another use and the crops are not destroyed on the unit or part of the unit:

(a) A minimum number of three representative samples per unit are required without regard to the size of acreage if the damage is consistent. If there are more than three fields or subfields within the unit, and the damage is consistent, only one representative sample per field or subfield is required. AIPs must notate as such in the narrative of the PW.

(b) Estimate the acreage in the field(s) or subfield(s) based on the certified acreage from the acreage report (refer to (5) above).

(c) Record the harvested or appraised production on the applicable appraisal or PW.

(9) When written consent is required per the Crop Provisions, AIPs may provide verbal consent to policyholders before they move, destroy, sell, or otherwise dispose of damaged crops, plants, or plant material, so that they may care for the remainder of their crop. The AIP may provide verbal consent and follow-up such consent in writing if:

(a) The policyholder provides or the AIP obtains sufficient photographic documentation of the specific crop, plant, or plant material in context to surroundings, to demonstrate the necessity to move or dispose of the material;

(b) The policyholder maintains an inventory record of all such damaged crops, plants, and plant material by age, stage, commodity, size, type and practice, as applicable to the crop that was moved, destroyed, sold, or otherwise disposed of; and

(c) The AIP returns to complete the appraisal and other claim activities and obtains a signed certification form (see LAM, Paragraph 731) from the policyholder for damaged crops, plants, and plant material that was moved, destroyed, sold, or otherwise disposed of.

(10) For situations where the edible portion of an insured crop has been exposed to flood waters:

(a) Follow procedures found in Subparagraph 1002H(4) and Paragraph 1008 of the LAM on Zero Market Value (ZMV) Production and Flooded Crops.

(b) 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 Food and Drug Administration (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 December 31, 2023, unless an extension is 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, and that this will result in a corrected claim and will require repayment of any overpaid indemnity; and

(iii) I understand that I am responsible for maintaining photographic evidence, with the date and location identified, to verify destruction of the production. I

understand that I am required to maintain this evidence for three years from the date of destruction.”

(11) In Crop Year 2019, RMA began using a targeted data mining approach to identify policyholders who are exempt from \$200,000 reviews. This resulted in a significant reduction in the number of reviews conducted. However, given the potential for widespread loss due to excessive rainfall or flooding, Compliance will continue to monitor claims over \$200,000 and if the level of claims in excess of \$200,000 rises above 5% of all claims within the state, RMA may provide relief on the review requirement found in Appendix IV of the SRA.

RMA will continue to monitor the situation and issue additional emergency procedures, if necessary.

**DISPOSAL DATE:**

December 31, 2023