

## **IS-15-010**

[View PDF](#)

Date

November 25, 2015

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Robert Ibarra, Deputy Administrator for Insurance Services /s/ Robert Ibarra

Subject

Flooding and Wet Harvest Conditions - South Carolina and Surrounding Area

## **Background**

Recently, South Carolina and the surrounding area have experienced significant weather events including historic rains leading to unprecedented flooding across the state and region impacting crops and delaying harvest. Reports indicate soybean, peanut, and cotton crops specifically suffered severe losses as a result of these weather events. The flooding and wet harvest conditions have resulted in questions regarding procedures pertaining to claims settlement for affected crops.

The Risk Management Agency (RMA) has reached out to Approved Insurance Providers (AIP) at both the local and national levels regarding the current conditions, and have been advised by AIPs that they are confident they have the financial and loss adjustment resources available to expeditiously handle the claim workload.

Existing RMA procedures (as summarized below) address the various loss scenarios insured's are experiencing due to the flooding and wet field conditions.

## **Action**

Foremost, insured's who suffer a crop loss should notify their crop insurance agent immediately. The AIP will send a loss adjuster to discuss the insured's options and work the claim.

### **If a Producer is Unable to Harvest:**

RMA has procedures in place instructing AIPs on how to handle situations where the insured does not intend to harvest the crop or the AIP determines the crops are "unable to be mechanically harvested". If the insured does not intend to harvest the crop (but the crop is or will be harvestable), the AIP can settle the claim based on appraised production.

If the AIP determines the crop or a portion of the crop is unable to be mechanically harvested and will remain unharvested, the procedures allow for the acreage to be appraised as zero production to count and receive a full indemnity payment. The insured will be required to sign a Certification Form with the following statement:

"As indicated by my signature below, I certify the damaged acreage that cannot be mechanically harvested with normal harvest methods/equipment will not be harvested. If the crop is harvested by any means after I sign this certification, I understand and agree a corrected claim may be prepared to include the additional production, and I may also be subject to the misrepresentation provisions in the crop insurance policy."

### **When Harvest Might Be Possible, But the Producer Does Not Feel It to Be Economically Feasible:**

When harvest is general in the area, the acreage is not required to be destroyed prior to the claim being finalized, provided the acreage will not be harvested later. If the acreage is released and is later harvested, a corrected claim will be required and will be based on the higher of the appraised or harvested production as stipulated in section 15(b) of the Common Crop Insurance Policy, Basic Provisions (11-BR).

### **End of Insurance Period:**

Wet field conditions that prevent harvest of the crop by the end of the insurance period does not mean it can never be mechanically harvested with normal harvest methods/equipment. If the insured is unable to harvest due to an insurable cause of loss, coverage will continue until the calendar date for the end of the insurance

period. If the crop has not been harvested by the calendar date for the end of the insurance period, the crop will be appraised, unless the AIP authorizes additional time to harvest when insurable causes have prevented timely harvesting of the crop. When additional time to harvest has been authorized, any damage due to insurable causes will be covered and the production to count will be based on the harvested production.

The Federal crop insurance program does not dictate harvest, nor have mandatory harvest dates. Additionally, existing crop insurance policy provisions and procedures do not require an insured to harvest a valueless crop. Existing loss adjustment procedures are in place that allow AIPs to determine a crop has zero market value, if damage is due to an insurable cause of loss. In these cases, AIPs may assign zero production to count and pay full losses on those crops.

If an insured does not want to harvest the crop and wants the claim settled based on the amount of appraised production, the insurance period ceases when the acreage is put to another use or abandoned.

### **AIP Auditing of Claims Over \$200,000**

We will continue to monitor claims on a weekly basis. If claims in excess of \$200,000 rise above 5 percent of all claims in the state, RMA will issue guidance to provide relief on the \$200K review requirement.

More information about Federal crop insurance may be found at [www.rma.usda.gov](http://www.rma.usda.gov). Additional resources to help farmers and ranchers deal with flooding may be found at [www.usda.gov/disaster](http://www.usda.gov/disaster).

### **DISPOSAL DATE:**

May 31, 2016