



Loss Adjustment Procedures for Fumonisin

October 2017

Background

Fumonisin contamination can be harmful to humans and animals at certain levels. The U.S. Food and Drug Administration (FDA) has established action levels for Fumonisin present in food or animal feed. Post-harvest Fumonisin contamination can increase during storage and if crop drying is delayed. The commodities with the highest risk of Fumonisin contamination are corn, peanuts, and cottonseed.

The FDA has no published action levels or use restrictions for crops with zero to 2.0 parts per million (ppm) of Fumonisin. Therefore, crop insurance policy provisions do not provide quality adjustments for levels below 2.1 ppm.

What to do

If you think your insured crop has Fumonisin, contact your crop insurance agent before you:

- Harvest the grain;
- Put the grain in storage; or
- Deliver it for sale.

Your insurance provider will:

- Take samples for testing; and
- Submit them to an approved Fumonisin testing facility.
- Cumulative or blended samples are allowed by unit in accordance with procedures.

Criteria for Approved Testing Facilities

Contact your agent or refer to the applicable special provisions for the most current policy on testing.

Testing facilities meeting the criteria below can be considered “approved testing facilities” for crop insurance:

- An approved testing facility must be able to perform quantitative tests on grain, itemizing results in parts per billion. Test kits used must be certified by the USDA Grain Inspection, Packers and Stockyards Administration (GIPSA);

- The facility must be a recognized commercial, government, or university testing lab that uses industry recognized sample sizes, equipment, and procedures for testing Fumonisin.;
- The facility must be a disinterested testing facility; and
- The facility must not be involved in buying or selling the type of grain that is being tested.

Talk to your approved insurance provider (AIP) or agent for more information. Visit www.gipsa.usda.gov/fgis/serviceproviders_listing.aspx for approved testing facilities.

Because Fumonisin under some conditions (high moisture) can worsen in storage, Fumonisin losses are only insurable if:

- The grain is tested at an approved testing facility before being moved into commercial or on-farm storage; or
- Your AIP asks you to leave representative sample areas of the unharvested crop for taking samples for testing.

Losses not covered under the crop insurance policy include:

- Losses due to an increase in the Fumonisin level while in farm or commercial storage; and
- Losses that cannot be determined because proper testing was not completed.

The FDA, or another government agency, may require the destruction of crops with more than 100 ppm. If you destroy the crop in an acceptable manner, you will be paid a full loss. Please contact your AIP about acceptable ways to destroy your crop before doing so.

Quality Adjustment

If the crop qualifies for quality adjustment (test results are 2.1 ppm and above), you may receive the actual Reduction In Value (RIV) if:

- The RIV is due to an allowable quality deficiency;

- You deliver and sell your crop to a buyer directly from the field; or
- You put it in commercial storage without the crop going into on-farm storage and the crop is sold not later than 59 days after the calendar date of the end of the insurance period to a disinterested third party.

Claims are not settled for production that contains levels of Fumonisin over the maximum amounts (100.0 ppm) shown in the special provisions (part of your insurance policy) until the crop is sold to a disinterested third party, fed, used, or destroyed.

Questions

If you are concerned about placing Fumonisin-infected grain in storage or about efforts to reduce the spread of Fumonisin within grain storage facilities, you should contact your AIP or local agricultural experts.

You should contact your crop insurance agent, AIP, or applicable RMA Regional Office if you have questions about your crop insurance coverage or responsibilities
www.rma.usda.gov/aboutrma/fields/rsos.html.

Loss Example – Sold Production

Assume you have a 1,000 bushels of corn, you harvest your crop with 30.0 ppm of Fumonisin and deliver to the elevator. The elevator buys your crop with a discount of \$1.00 and the local market price (LMP) on that day is \$3.50. Your RIV would be calculated by using the local market price minus the price you received for your crop. Your Discount Factor (DF) is calculated by dividing your RIV by the local market price, resulting in a Quality Adjustment Factor (QAF) that will decrease production to count (PTC).

1. $\$3.50 \text{ LMP} - \$2.50 \text{ Price Received} = \1.00 RIV
2. $\$1.00 \text{ RIV} \div \$3.50 \text{ LMP} = 0.286 \text{ DF}$
3. $1.000 - 0.286 \text{ DF} = 0.714 \text{ QAF}$
4. $1,000 \text{ bu. sold} \times 0.714 \text{ QAF} = 714 \text{ Bu. PTC}$

Loss Example – Sold Production with a Contract

Assume you have a contract on 1,000 bushels of corn for a price of \$4.50, you harvest your crop with 60.0 ppm of Fumonisin and deliver to the elevator. The elevator buys your crop with a discount of \$1.50 and the LMP is \$4.00.

1. $\$4.00 \text{ LMP} - \$2.50 \text{ Price Received} = \1.50 RIV
2. $\$1.50 \text{ RIV} \div \$4.00 \text{ LMP} = 0.375 \text{ DF}$
3. $1.000 - 0.375 \text{ DF} = 0.625 \text{ QAF}$
4. $1,000 \text{ bu. sold} \times 0.625 \text{ QAF} = 625 \text{ Bu. PTC}$

Loss Example – Production over Maximum Allowable Amount (100.0 ppm)

Assume 1,000 bushels of corn with 145.0 ppm of Fumonisin is in on-farm storage.

Since the level of Fumonisin exceeds the maximum level allowed by the FDA, the claim will not be completed until all such production is sold, fed, utilized in any other manner, or destroyed.

If you choose to destroy all such production in an acceptable manner, the claim will be completed using zero PTC in accordance with procedure. If you choose not to destroy all such production in an acceptable manner, the claim will be completed in accordance with Section C(3) of the Quality Adjustment procedures in the Special Provisions of Insurance.

Where to Buy Crop Insurance

All multi-peril crop insurance, including Catastrophic Risk Protection policies, are available from private insurance agents. A list of crop insurance agents is available at all USDA service centers and on the RMA website at
<https://www.rma.usda.gov/tools/agent.html>.

Contact Us

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